Province of Newfoundland and Labrador

Public Accounts
Volume IV (A - M)

Financial Statements of Crown Corporations, Boards and Authorities

For The Year Ended
31 March 2003

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PRINTED UNDER AUTHORITY OF THE HOUSE OF ASSEMBLY

105-059881

INTRODUCTION

The reproduction of the available financial statements of Crown Corporations, Boards and Authorities are presented through the publication of the Public Accounts, Volume IV. This Volume is produced alphabetically in two books, A to M and N to Z. The fiscal years noted in the table of contents are based on the fiscal year end of the organization.

The Public Accounts for the year ended 31 March 2003 consists of three other volumes:

Volume I – Consolidated Summary Financial Statements presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are owned or controlled by, and accountable to, the Government of Newfoundland and Labrador.

Volume II – Consolidated Revenue Fund Financial Statements presents the financial position of the Fund and the results of its activities.

Volume III – Consolidated Revenue Fund Supplementary Statements and Schedules presents the unaudited summary statements, detailed departmental statements, schedules and notes of the Fund and are prepared on a basis consistent with the Estimates of the Province.

The Public Accounts of the Province are tabled in the House of Assembly in accordance with Section 60 of the *Financial Administration Act*.

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The financial statements of the following agencies were not received in time for inclusion in this volume.

NAME	Year
Central West Health Corporation	2003
Health Care Corporation of St. John's	2003
Provincial Perinatal Program	2003
Public Health Laboratory	2003

AVALON EAST SCHOOL DISTRICT

REPORT AND FINANCIAL STATEMENTS

June 30, 2002

Deloitte & Touche LLP
Deloitte & Touche Inc.
Fort William Building
10 Factory Lane
St. John's, NFLD A1C 6H5
Canada

Tel: (709) 576 8480
Fax: (709) 576 8460
www.deloitte.ca

Deloitte
& Touche

AUDITORS' REPORT

To the Trustees of the
Avalon East School District.

We have audited the balance sheet of the Avalon East School District as at June 30, 2002 and the statements of current revenue, expenditures and district deficiency, cash flows and changes in capital fund for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraphs, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The accounting policy with respect to the District's capital assets is described in Note 1. Canadian generally accepted accounting principles require that not for profit organizations record all capital assets at cost and amortize them over their estimated useful lives. While the District has commenced amortization on certain capital assets, amortization has not been provided on buildings and building improvements. In this respect, these financial statements are not in accordance with Canadian generally accepted accounting principles. Furthermore, information concerning the costs and estimated useful lives of buildings and building improvements, as well as other capital asset additions prior to January 1, 1997, is not readily available. If the District's capital assets were recorded in accordance with Canadian generally accepted accounting principles, changes to the amounts reported for capital assets, investment in capital assets, expenditures and excess of expenditures over revenue would be necessary.

We were unable to confirm or verify by alternative means $1,546,452 of the capital grants receivable from the Government of Newfoundland and Labrador, Department of Education, included in these financial statements. Accordingly, we were not able to determine whether any adjustments might be necessary to accounts receivable, operating grants and district deficiency.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the balances of capital assets and accounts receivable as described in the preceeding paragraphs, these financial statements present fairly the financial position of the District as at June 30, 2002 and the results of its operations and the changes in its cash flows for the year then ended in accordance with the reporting requirements established for school districts in the Province of Newfoundland and Labrador by the Department of Education.

St. John's, Newfoundlandand and Labrador
November 25, 2002

Deloitte & Touche LLP

Chartered Accountants

Avalon East School District
Balance Sheet

As At June 30, 2002

	2002	2001
Assets		
Current		
Cash (Supp. Info. 1)	$ 47,123	$ 43,807
Short Term Investments (Supp. Info. 2)	109,848	107,837
Accounts Receivable (Note 3)	3,942,840	5,754,958
Prepaid Expenses (Supp. Info. 3)	360,339	269,663
	4,460,150	6,176,265
Capital Assets (Schedule 7)	109,718,076	110,085,637
	$ 114,178,226	$ 116,261,902
Liabilities		
Current		
Short-Term Borrowings (Note 4)	$ 1,247,665	$ 1,048,905
Current Maturities (Schedule 8)	57,092	52,984
Accounts Payable and Accrued Liabilities (Note 5)	4,768,848	6,326,495
	6,073,605	7,428,384
Long-Term Debt (Schedule 8)	126,174	183,266
Teachers' Severance Pay Benefits (Note 2)	26,232,632	25,087,784
Other Employee Severance Pay Accrual	2,403,352	2,328,302
Other Employee Benefits (Note 8)	506,146	515,828
	35,341,909	35,543,564
District Equity		
Investment in Capital Assets (Note 7)	108,798,200	109,112,777
Reserve Account (Note 6)	-	-
District Deficiency	(29,961,883)	(28,394,439)
	78,836,317	80,718,338
	$ 114,178,226	$ 116,261,902

Contingent Liability (Note 12)

On Behalf of the Board:

______ Chairperson R Ellsworth ______ Treasurer

See accompanying notes to financial statements.

Avalon East School District
Statement of Current Revenue, Expenditures and District Deficiency

For the Year Ended June 30, 2002	2002	2001
Current Revenue (Schedule 1)		
Provincial Government Grants	$159,060,521	$149,311,291
Ancillary Services	19,608	6,250
Miscellaneous	511,541	372,257
	159,591,670	149,689,798
Current Expenditures		
Administration (Schedule 2)	2,676,127	2,416,384
Instruction (Schedule 3)	135,913,617	127,606,084
Operations and Maintenance (Schedule 4)	14,340,061	14,133,567
Pupil Transportation (Schedule 5)	6,485,286	5,059,541
Ancillary Services (Schedule 6)	127,001	106,865
Interest (Schedule 8C)	27,355	52,552
Amortization of Capital Assets	226,702	181,784
~~Miscellaneous (Schedule 6)~~	-	-
	159,796,149	149,556,777
Excess of Revenue over Expenditures (Expenditures over Revenue) Before Undernoted Items	(204,479)	133,021
Transfer from (to) Capital (Note 7)	314,577	(537,719)
Site Restoration Costs (Note 11)	(532,694)	-
Excess of Expenditures over Revenue Before Teachers' Severance	(422,596)	(404,698)
Net Change in Teachers' Severance Liability (Note 2)	(1,144,848)	(341,388)
Excess of Expenditures over Revenue	$ (1,567,444)	$ (746,086)

District Deficiency, Beginning of the Year	$(28,394,439)	$(27,648,353)
Excess of Expenditures over Revenue	(1,567,444)	(746,086)
District Deficiency, End of the Year	$(29,961,883)	$(28,394,439)

See accompanying notes to financial statements.

Avalon East School District
Statement of Cash Flows

For the Year Ended June 30, 2002	2002	2001
OPERATING ACTIVITIES		
Excess of Expenditures over Revenue	$ (1,567,444)	$ (746,086)
Items Not Affecting Cash:		
Amortization of Energy Retrofit	766,120	650,999
Amortization Capital Assets	226,702	181,784
Severance Pay Accrual	75,050	263,431
Teachers Severance Liability	1,144,848	341,388
Other Employee Benefits Liability	(9,682)	18,556
Short Term Investments	(2,011)	247,510
Accounts Receivable	1,812,118	(1,756,152)
Prepaid Expenses	(90,676)	(14,037)
Accounts Payable and Accrued Liabilities	(1,557,648)	1,820,216
	797,377	1,007,609
INVESTING ACTIVITIES		
Capital Expenditures	(468,591)	(292,463)
Proceeds on Disposal of Capital Assets	-	10,000
Change in Investment in Capital Assets	(314,577)	537,719
Energy Retrofit	(156,669)	(1,487,426)
	(939,837)	(1,232,170)
FINANCING ACTIVITIES		
Proceeds from Short-Term Borrowings	198,760	1,048,905
Repayment of Long-Term Debt	(52,984)	(49,171)
	145,776	999,734
Change in Cash Resources	3,316	775,173
Cash, Beginning of the Year	43,807	(731,366)
Cash , End of the Year	$ 47,123	$ 43,807
Supplementary Cash Flow Information:		
Interest paid	$ 27,355	$ 52,552

See accompanying notes to financial statements.

Avalon East School District
Statement of Changes in Capital Fund

For the Year Ended June 30, 2002	2002	2001
70 Capital Receipts		
71 Proceeds from Bank Loans	$ -	$ -
011 School Construction	-	-
012 Equipment	-	-
013 Service Vehicles	-	-
014 Pupil Transportation	-	-
015 Other	-	-
	-	-
72 DEC Grants		
011 School Construction and Equipment	-	-
012 Other	-	-
	-	-
73 Donations		
011 Cash Receipts	-	-
012 Non-Cash Receipts	-	-
013 Restricted Use	-	-
	-	-
74 Sale of Capital Assets - Proceeds		
011 Land & 012 Buildings	-	-
013 Equipment	-	10,000
014 Service Vehicles	-	-
015 Pupil Transportation Vehicles	-	-
016 Other	-	-
	-	10,000
75 Other Capital Revenues		
011 Interest on Capital Fund Investments	-	-
012 Premiums on Debentures	-	-
013 Recoveries of Expenditures	992,821	1,281,341
015 Insurance Proceeds	-	-
016 Native Peoples Grants	-	-
017 Miscellaneous		
Department of Education Capital Grants	-	-
Department of Education Info Technology Grants	-	-
Cost Sharing for Info Technology Grants	-	-
	992,821	1,281,341
78 Transfer (to) from Current Fund	(314,577)	537,719
	$ 678,244	$ 1,829,060

See accompanying notes to financial statements.

Avalon East School District
Statement of Changes in Capital Fund (Cont'd)

For the Year Ended June 30, 2002	2002	2001
80 Capital Disbursements		
81 Additions to Capital Assets		
011 Land and Sites	$ -	$ -
012 Buildings	157,582	-
013 Furniture & Equipment - School	288,684	224,177
014 Furniture & Equipment - Other	22,325	29,313
015 Service Vehicles	-	38,973
016 Pupil Transportation	-	-
017 Other	156,669	1,487,426
	625,260	1,779,889
82 Principal Repayment of Long-Term Debt		
011 School Construction	-	-
012 Equipment	52,984	49,171
013 Service Vehicles	-	-
014 Other	-	-
	52,984	49,171
83 Miscellaneous Disbursements		
013 Other	-	-
	$ 678,244	$ 1,829,060

Mission Statement

The Avalon East School District (Formerly the Avalon East School Board) exists to nurture the development of the personal and learning potential of each student to become an informed, caring, contributing member of society.

1. Significant Accounting Policies

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of accounting policies summarized below:

Revenue

The District's main source of funding is derived from the Government of Newfoundland and Labrador, Department of Education ("the Department"). The Department provides funding for operations, transportation, capital expenditures and teacher salaries and severance pay. Funding designated for specific purposes is deferred and included in revenue when the related expenditures have been incurred.

Funding not related to normal operations is recorded in a separate fund and recored as deferred grants (see note 5). Revenues and related expenditures for this fund are not recorded in these financial statements.

Capital Assets

Capital assets assumed by the District on January 1, 1997, as a result of legislation passed pursuant to the Schools Act and the Education Act, are recorded based on the audited financial statements of the predecessor entities. Additions to capital assets after January 1, 1997 are recorded at cost. Disposals are not recorded in the accounts and amortization is recorded as follows:

Asset	Period	Rate
Buildings and improvements	N/A	N/A
Energy retrofit	Commencing with additions since July 1, 1998	7 years straight line
Furniture and equipment	Commencing with additions since July 1, 1999	20% declining balance
Computer equipment	Commencing with additions since July 1, 1999	30% declining balance

Additions to buildings and building improvements that have been administered by the Government of Newfoundland and Labrador, Department of Works, Service and Transportation have not been reflected in these financial statements.

Teachers' and Student Assistants' Payroll

The Government of Newfoundland and Labrador processes the payrolls and remits the source deductions directly to the appropriate agency. The amounts recorded in the financial statements represent gross salaries for the year.

Pension Costs

All permanent employees of the District are covered by pension plans administered by the Government of Newfoundland and Labrador. Contributions to these plans are required from both the employee and the District. Post retirement obligations to employees are the responsibiity of the Government of Newfoundland and Labrador and, as such, the contributions for pensions and other retirement benefits are recognized in the accounts on a current basis.

1. Significant Accounting Policies (Cont'd)

Use of Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

2. Teachers' Severance Pay Benefits

Pursuant to a directive issued by the Department during fiscal 1998, the District recorded severance pay for teachers in the District. The Schools Act specifies that salaries and other compensation for teachers are the responsibility of the Department. The District received written approval from the Minister of Education for the deficit arising from the Department's requirement for the teachers' severance.

The net change in the liability for the year ended is as follows:

		2002		2001
Balance, Beginning of the Year		$ 25,087,784		$ 24,746,396
Increase for the Year	3,087,558		2,381,463	
Severance Payments	(1,942,710)	1,144,848	(2,040,075)	341,388
Balance, End of the Year		$ 26,232,632		$ 25,087,784

3. Accounts Receivable

	2002	2001
Current		
11 131 Provincial Government	$ 3,513,565	$ 5,280,577
132 Transportation	137,445	199,232
133 Federal Government	147,551	148,204
138 Interest	359	1,481
139 Travel Advances and Misc.	134,318	125,464
Capital		
11 231 Provincial Govt -Construction Grants	9,602	-
235 Other	-	-
	$ 3,942,840	$ 5,754,958

4. Short-Term Borrowings

	2002	2001
21 131 On Operating Credit	$ 1,247,665	$ 1,048,905
132 On Capital Account	-	-
	$ 1,247,665	$ 1,048,905

The District has an authorized operating demand loan of $4,000,000, bearing interest at Royal Bank prime less .65% of which $2,752,335 remained unused as at June 30, 2002. In accordance with the Schools Act 1997, the operating demand loan is supported by a letter of approval to borrow provided by the Minister of Education

5. Accounts Payable and Accrued Liabilities

Current	2002	2001
21 111 Trade Payable	$ 1,696,789	$ 1,499,276
112 Accrued Liabilities	461,789	171,319
114 Wages	941,168	884,557
115 Payroll Deductions	174,263	170,119
117 Deferred Grants	1,494,345	3,600,730
Capital		
21 211 Trade Payable	494	494
213 Accrued Interest	-	-
	$ 4,768,848	$ 6,326,495

6. Reserve Account

	2002	2001
Balance, Beginning of Year	$ -	$ -
Less Transfer from Reserve	-	-
	-	-
Add Transfer to Reserve	-	-
Balance, End of Year	$ -	$ - -

7. Investment in Capital Assets

	2002	2001
Investment in Capital Assets, Beginning of the Year	$ 109,112,777	$ 108,575,058
Add:		
Transfer of Operating Funds (to) from Capital Fund	(314,577)	537,719
Grants - Contributions for Capital Const.	-	-
Proceeds from Sale of Capital Assets	-	-
Interest on Capital Fund Investments	-	-
Recoveries of Expenditures	-	-
Insurance Proceeds - Capital	-	-
Native Peoples Grants - Capital	-	-
Miscellaneous	-	-
School Contributions	-	-
	108,798,200	109,112,777
Deduct Adjustments:		
Cost of Assets Sold	-	-
Other		
Government of Newfoundland and Labrador Adjustments	-	-
Adjustment to Carrying Value of Certain Capital Assets	-	-
	-	-
23 221 Investment in Capital Assets, End of the Year	$ 108,798,200	$ 109,112,777

8. Other Employee Benefits

	2002	2001
Pension Plan	$ 4,167	$ 6,177
Unused Pre-1985 Sick Leave	501,979	509,651
	$ 506,146	$ 515,828

8. Other Employee Benefits (Continued)

The District charges operations with the amount of benefits accruing to employees in each year.

The District has recorded the obligation to pay certain employees at the termination of their employment for unused sick leave accumulated prior to January 1, 1985.

9. Lease Commitments

The District is committed under the terms of various operating leases to make payments in the next five years approximately as follows:

2003	$	661,000
2004	$	465,700
2005	$	326,500
2006	$	244,900
2007	$	130,800

10. Insurance Subsidy

The cost of insuring school properties is borne by the Provincial Government and no amount has been recorded in these accounts to reflect this cost.

11. Site Restoration Costs

The former Park Avenue school site, situated in Mount Pearl, required remediation during the year due to the determination of contaminated soil caused by an underground fuel storage tank.

12. Contingent Liability

Site restoration and remediation costs associated with school properties under the District are charged to operations as incurred. Estimated future site restoration and remediation costs have not been accrued in these financial statements since the obligation, if any, is presently not determinable.

13. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Avalon East School District
Schedule 1
Current Revenues

For the Year Ended June 30, 2002	2002	2001
Current Revenues		
32 010 **Provincial Government Grants**		
011 Regular Operating Grants	$ 21,887,544	$ 21,627,858
016 Special Grants	-	-
French Immersion	-	-
Official Language Monitor	-	-
French Language Recuperation	-	-
Textbook Credit Allocation	-	-
Communication Tech	-	-
Other	-	-
Salaries and Benefits		
017 Directors and assistant Directors	229,663	270,568
021 Regular Teachers	124,819,509	117,177,421
Teachers' Severance	1,942,710	2,040,075
022 Substitute Teachers	-	-
Student Assistants	3,715,510	3,122,998
030 Pupil Transportation	-	-
031 Board Owned	-	-
032 Contracted	5,517,859	4,150,962
033 Handicapped	947,726	921,409
	159,060,521	149,311,291
33 010 **Donations**		
012 Cash Receipts	-	-
013 Non Cash Receipts	-	-
014 Restricted Use	-	-
	-	-
34 010 **Ancillary Services**		
011 Revenues from Rental of Residences	-	-
021 Revenues from Rental of Schools and Facilities (Net)	19,608	6,250
031 Cafeterias	-	-
032 Other	-	-
	19,608	6,250

Avalon East School District
Schedule 1 (Cont'd)
Current Revenues

For the Year Ended June 30, 2002	2002	2001
35 010 **Miscellaneous**		
011 Interest on Investments	$ 19,513	$ 17,790
012 Bus Charters	-	-
021 Recoveries of Expenditures (Workers' Compensation)	-	-
031 Revenues from Other School Boards	-	-
051 Insurance Proceeds	-	-
061 Bilingual Education Revenue	-	-
071 Operating Rev. from Native Peoples Grant	-	-
081 Miscellaneous Federal Grants	-	-
091 Textbooks	371,203	261,535
092 Other		
Summer and Night School Fees	-	8,663
User Pay Bussing	1,110	19,421
Sundry	119,715	64,848
	511,541	372,257
Total Current Revenues	$ 159,591,670	$ 149,689,798

Avalon East School District
Schedule 2
Administration Expenditures

For the Year Ended June 30, 2002	2002	2001
51 Salaries and Benefits		
011 Directors and Assistant Directors	$ 381,583	$ 375,843
012 Board Office Personnel	1,189,207	1,045,445
013 Office Supplies	31,761	17,132
014 Replacement Furniture and Equipment	-	-
015 Postage	24,267	23,976
016 Telephone	85,017	87,054
017 Office Equipment Rentals and Repairs	69,037	91,828
018 Bank Charges	9,534	1,144
019 Electricity	-	-
021 Fuel	-	-
022 Insurance	45,500	43,511
023 Repairs and Maintenance (Office Building)	-	-
024 Travel	45,677	39,482
025 Board Meeting Expenses	49,289	33,595
026 Election Expenses	88,334	3,417
027 Professional Fees	275,013	280,019
028 Advertising	48,676	35,542
029 Membership Dues	-	-
031 Municipal Service Fees	-	-
032 Rental of Office Space	249,759	250,380
033 Relocation Expenses	-	-
034 Miscellaneous	83,473	88,016
035 Payroll Tax (included with salary costs)	-	-
Total Administration Expenditures	$ 2,676,127	$ 2,416,384

Avalon East School District
Schedule 3
Instruction Expenditures

For the Year Ended June 30, 2002	2002	2001
52 10 **Instructional Salaries (Gross)**		
Teachers' Salaries		
11 Regular	$ 104,094,553	$ 97,802,562
12 Substitute	4,169,037	3,900,598
13 Board Paid	-	-
Teachers' Severance	1,942,710	2,040,075
14 Augmentation	106,296	81,096
15 Employee Benefits	16,606,608	15,309,030
16 School Secretaries - Salaries & Benefits	2,559,115	2,503,526
17 Payroll Tax	105,280	102,708
18 Other		
Salaries & Benefits - Program Asst	185,997	249,131
Salaries & Benefits - Student Asst	3,651,842	3,068,194
	133,421,438	125,056,920
52 40 **Instructional Materials**		
41 General Supplies	1,276,709	1,365,657
42 Library Resource Materials	167,970	140,049
43 Teaching Aids	362,846	356,835
44 Textbooks	371,203	261,535
	2,178,728	2,124,076
52 60 **Instructional Furniture and Equipment**		
61 Replacement	31,018	25,977
62 Rentals and Repairs	17,888	43,564
	48,906	69,541
50 80 **Instructional Staff Travel**		
82 Teachers'Travel	116,581	122,779
	116,581	122,779
52 90 **Other Instructional Costs**		
Other	147,964	232,768
	147,964	232,768
Total Instruction Expenditures	$ 135,913,617	$ 127,606,084

Avalon East School District
Schedule 4
Operations and Maintenance Expenditures - Schools

For the Year Ended June 30, 2002	2002	2001
53		
Salaries		
011 Janitorial	$ 6,575,835	$ 6,391,093
012 Maintenance	550,549	640,761
013 Payroll Tax	110,384	108,002
014 Electricity	3,503,959	3,146,164
015 Fuel	784,769	1,170,101
016 Municipal Service Fee	214,438	192,629
017 Telephone	458,042	354,272
018 Vehicle Operating and Travel	65,401	86,410
019 Janitorial Supplies	316,828	314,934
021 Janitorial Equipment	-	-
022 Repairs and Maintenance - Buildings	1,089,442	1,263,288
023 Equipment	7,475	12,916
024 Contracted Services - Janitorial	-	-
025 Snow Clearing	568,090	392,119
026 Rentals	36,000	-
027 Other (Miscellaneous)	58,849	60,878
Total Operations and Maintenance	$ 14,340,061	$ 14,133,567

Avalon East School District
Schedule 5
Pupil Transportation Expenditures

For the Year Ended June 30, 2002	2002	2001
54 010 **Operation and Maintenance of Board Owned Fleet**		
Salaries and Benefits		
011 Administration	$ -	$ -
012 Drivers and Mechanics	-	-
013 Payroll Tax	-	-
014 Debt Repayment- Interest	-	-
015 Principal	-	-
016 Bank Charges	-	-
017 Gas and Oil	-	-
018 Licenses	-	-
019 Insurance	-	-
021 Repairs and Maintenance - Fleet	-	-
022 Building	-	-
023 Tires and Tubes	-	-
024 Heat and Light	-	-
025 Municipal Service	-	-
026 Snow Clearing	-	-
027 Office Supplies	-	-
028 Rent	-	-
029 Travel	-	-
031 Professional Fees	-	-
032 Miscellaneous	-	-
033 Telephone	-	-
034 Vehicle Leases	-	-
	-	-
54 040 Contracted Services		
041 Regular Transportation	5,500,948	4,134,128
042 Handicapped	984,338	925,413
	6,485,286	5,059,541
Pupil Transportation Expenditures	$ 6,485,286	$ 5,059,541

Avalon East School District
Schedule 6
Ancillary Services and Miscellaneous Expenses

For the Year Ended June 30, 2002	2002	2001

Ancillary Services

The Board owns and operates the following ancillary services:

55 Ancillary Services

	2002	2001
011 Operation of Teachers' Residences	$ -	$ -
031 Cafeterias	-	-
032 Other - Environmental Centre	127,001	106,865
	$ 127,001	$ 106,865

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

	2002	2001
57 011 Miscellaneous Expenses	$ -	$ -

Avalon East School District
Schedule 7
Details of Capital Assets

For the Year Ended June 30, 2002

	Cost June 30, 2001	Additions	Disposals	Accumulated Amortization	NBV June 30, 2002
12 210 **Land and Sites**					
211 Land and Sites	$ 3,153,195	$ -	$ -	$ -	$ 3,153,195
12 220 **Buildings**					
221 Schools	93,000,962	-	-	-	93,000,962
222 Administration	924,892	157,582	-	10,740	1,071,734
223 Residential	-	-	-	-	-
224 Recreational	-	-	-	-	-
225 Other	-	-	-	-	-
	93,925,854	157,582	-	10,740	94,072,696
12 230 **Furniture and Equip.**					
231 Schools	8,110,690	288,684	-	522,593	7,876,781
232 Administration	821,215	22,325	-	15,018	828,522
233 Residential	-	-	-	-	-
234 Recreation	-	-	-	-	-
235 Other	-	-	-	-	-
	8,931,905	311,009	-	537,611	8,705,303
12 240 **Vehicles**					
241 Service Vehicles	42,873	-	-	14,776	28,097
12 250 **Pupil Transportation**					
251 Land	-	-	-	-	-
252 Building	-	-	-	-	-
Vehicles					
253 Buses	-	-	-	-	-
254 Service	-	-	-	-	-
255 Equipment	-	-	-	-	-
256 Other	-	-	-	-	-
	-	-	-	-	-
12 260 **Misc. Capital Assets**					
Other					
261 Energy Retrofit	5,313,294	156,669	-	1,711,178	3,758,785
Total Capital Assets	$ 111,367,121	$ 625,260	$ -	$ 2,274,305	$ 109,718,076

Avalon East School District
Schedule 8
Details of Long- Term Debt

For the Year Ended June 30, 2002	2002	2001
Ref. #		
211 **Bank Loans**		
Repayable $ 5,706 monthly, maturing 2005	183,266	236,250
Repayable $ - monthly, maturing	-	-
Repayable $ - monthly, maturing	-	-
Repayable $ - monthly, maturing	-	-
Repayable $ - monthly, maturing	-	-
Repayable $ - monthly, maturing	-	-
Total 211	183,266	236,250
212 **Mortgages**		
Repayable $ - monthly, maturing	-	-
Repayable $ - monthly, maturing	-	-
Repayable $ - monthly, maturing	-	-
Repayable $ - monthly, maturing	-	-
Repayable $ - monthly, maturing	-	-
Repayable $ - monthly, maturing	-	-
Total 212	-	-
213 Debentures		
Repayable $ - monthly, maturing	-	-
Repayable $ - monthly, maturing	-	-
Total 213	-	-
Subtotal	183,266	236,250
215 Less Current Maturities	57,092	52,984
Total Loans Other Than Pupil Transportation	$ 126,174	$ 183,266

Avalon East School District
Schedule 8 (Cont'd)
Details of Long- Term Debt

For the Year Ended June 30, 2002	2002	2001
22 220 Loans - Pupil Transportation		
Ref. #		
221 **Vehicle Bank Loans**		
Repayable $__________ - monthly, maturing __________	$ -	$ -
Repayable $__________ - monthly, maturing __________	-	-
Repayable $__________ - monthly, maturing __________	-	-
Repayable $__________ - monthly, maturing __________	-	-
Repayable $__________ - monthly, maturing __________	-	-
Repayable $__________ - monthly, maturing __________	-	-
Repayable $__________ - monthly, maturing __________	-	-
Repayable $__________ - monthly, maturing __________	-	-
Repayable $__________ - monthly, maturing __________	-	-
Repayable $__________ - monthly, maturing __________	-	-
Repayable $__________ - monthly, maturing __________	-	-
Repayable $__________ - monthly, maturing __________	-	-
Repayable $__________ - monthly, maturing __________	-	-
Total 221	-	-
222 Land, Buildings and Equipment Bank Loans		
Repayable $__________ - monthly, maturing __________	-	-
Repayable $__________ - monthly, maturing __________	-	-
Repayable $__________ - monthly, maturing __________	-	-
Repayable $__________ - monthly, maturing __________	-	-
Repayable $__________ - monthly, maturing __________	-	-
Total 222	-	-
	-	-
223 Less Current Maturities	-	-
Total Loans - Pupil Transportation	-	-
Total Long Term Debt	$ 126,174	$ 183,266

Avalon East School District
Schedule 8A
Summary of Long- Term Debt

For the Year Ended June 30, 2002

Description	Rate	Balance Beginning of Year	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
A) School Construction		$ -	$ -	$ -	$ -
B) Equipment	7.5%	183,266	-	57,092	126,174
C) Service Vehicles		-	-	-	-
D) Other		-	-	-	-
E) Pupil		-	-	-	-
Transportation		-	-	-	-
Total Loans		$ 183,266	$ -	$ 57,092	$ 126,174

Avalon East School District
Schedule 8B
Schedule of Current Maturities

For the Year Ended June 30, 2002

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction	$ -	$ -	$ -	$ -	$ -
B) Equipment	57,092	61,517	64,657	-	-
C) Service Vehicles	-	-	-	-	-
D) Other	-	-	-	-	-
E) Pupil	-	-	-	-	-
Transportation	-	-	-	-	-
Total Loans	$ 57,092	$ 61,517	$ 64,657	$ -	$ -

Avalon East School District
Schedule 8C
Schedule of Interest Expense

For the Year Ended June 30, 2002	2002	2001
56 010		
Description		
012 **Capital**		
School Construction	$ -	$ -
Equipment	15,483	19,296
Service Vehicles	-	-
Other		
Energy Management	-	-
Total Capital	15,483	19,296
Current		
013 Operating Loans	11,872	33,256
014 Supplier Interest	-	-
Charges	-	-
Total Current	11,872	33,256
Total Interest Expense	$ 27,355	$ 52,552

For the Year Ended June 30, 2002	2002	2001
1. Cash		
Current		
Bank		
112 Current	$ -	$ -
113 Savings	-	-
114 Teachers' Payroll	46,123	43,107
115 Non Teachers' Payroll	-	-
116 Coupon (Debenture)	-	-
117 Other (Petty Cash)	1,000	700
	47,123	43,807
Capital		
11 210 Cash on Hand and in Bank	-	-
211 Cash on Hand	-	-
Bank		
212 Current	-	-
213 Savings	-	-
214 Other	-	-
	-	-
Total Cash on Hand and in Bank	$ 47,123	$ 43,807
2. Short Term Investments		
Current		
123 Other		
- Canada Treasury Bills	$ -	$ -
- Mutual Funds	-	-
- Balance in Broker Account	-	-
- Guaranteed Investment Certificates	109,848	107,837
Capital		
11 221 Term Deposits	-	-
222 Canada Savings Bonds	-	-
223 Other	-	-
Total Short Term Investments	$ 109,848	$ 107,837

For the Year Ended June 30, 2002

3. Prepaid Expenses

	2002	2001
Current		
11 141 Insurance	$ 3,112	$ 2,976
142 Municipal Service Fees	20,265	17,322
143 Supplies	-	-
144 Other		
Equipment Lease	47,225	52,820
Workers' Compensation	249,176	169,196
Garbage Collection	1,500	1,500
Vehicle Insurance	-	-
Other	39,061	25,849
Capital		
11 241 Other	-	-
	$ 360,339	$ 269,663

Avalon Health Care Institutions Board
Operating Fund
Financial Statements
March 31, 2003

Grant Thornton

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Directors of the
Avalon Health Care Institutions Board

We have audited the statement of financial position of the **Avalon Health Care Institutions Board - Operating Fund** as at March 31, 2003, and the statements of operations, changes in deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board - Operating Fund as at March 31, 2003 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
July 16, 2003

Grant Thornton LLP
Chartered Accountants

P.O. Box 8037
ICON Building
187 Kenmount Road
St. John's
Newfoundland and Labrador
A1B 3M7
T (709) 722-5960
F (709) 722-7892
E StJohns@GrantThornton.ca
W www.GrantThornton.ca

Canadian Member of Grant Thornton International

Avalon Health Care Institutions Board
Operating Fund
Statement of Operations

Year Ended March 31	2003	(Note 15) 2002
Revenue		
Provincial plan - department's approved operating budget	$ 49,087,761	$ 44,772,735
MCP physician revenue	5,028,422	4,356,253
Resident revenue - long term care	2,536,008	2,501,425
Department of Health and Community Services - direct payments	1,482,077	972,294
Workers' Compensation recoveries - salaries	765,559	1,021,545
Dietary recoveries	217,846	217,679
Outpatient	175,995	105,245
Mortgage interest subsidy	112,296	112,296
Inpatient	89,998	93,423
Other	338,515	374,272
	59,834,477	54,527,167
Expenditure		
Nursing inpatient services	24,169,400	21,377,299
Support services	13,646,918	12,874,460
Diagnostic and therapeutic services	6,754,647	6,638,828
Medical services	5,934,132	5,390,594
Administration	5,211,378	4,843,424
Ambulatory care services	4,453,802	3,486,676
Education	144,006	134,532
Undistributed	2,170	1,752
	60,316,453	54,747,565
Deficit prior to non-shareable items	(481,976)	(220,398)
Non-shareable items		
Amortization of deferred capital equipment grants	683,908	529,533
Depreciation	(1,174,033)	(917,464)
Accrued vacation expense - increase	(16,276)	(578,426)
Accrued severance expense - increase	(623,370)	(559,886)
	(1,129,771)	(1,526,243)
Deficit on operations	$ (1,611,747)	$ (1,746,641)

See accompanying notes to the financial statements.

Avalon Health Care Institutions Board
Operating Fund
Statement of Changes in Deficiency
Year Ended March 31

	2003	(Note 15) 2002
Balance, beginning of year	**$(16,167,390)**	$(14,420,749)
Deficit on operations	**(1,611,747)**	(1,746,641)
Balance, end of year	**$(17,779,137)**	$(16,167,390)

See accompanying notes to the financial statements.

Avalon Health Care Institutions Board
Operating Fund
Statement of Financial Position

March 31	2003	(Note 15) 2002
Assets		
Current		
Receivables (Note 3)	$ 1,478,300	$ 4,172,376
Inventories (Note 4)	1,458,242	1,422,728
Due from Board Fund	544,372	279,803
Prepaid expenses	512,322	538,828
	3,993,236	6,413,735
Capital assets (Note 5)	17,139,922	15,502,707
Restricted use funds (Note 6)	217,859	281,898
	$ 21,351,017	$ 22,198,340
Liabilities		
Current		
Bank indebtedness (Note 7)	$ 8,015,766	$ 7,985,671
Payables and accruals	3,899,585	2,837,776
Accrued vacation pay	2,679,041	2,662,765
Deferred contributions - operating	190,967	1,360,493
Deferred contributions - capital	142,008	1,512,784
Current portion of accrued severance pay	231,609	244,649
Current portion of long term debt	374,447	355,474
Current portion of obligations under capital leases	94,379	130,897
	15,627,802	17,090,509
Restricted use funds (Note 6)	217,859	281,898
Accrued severance pay	6,805,125	6,168,715
Loans and mortgages payable (Note 8)	6,933,392	7,311,593
Obligations under capital leases (Note 9)	98,225	192,604
	29,682,403	31,045,319
Deferred contributions - unamortized portion of capital grants (Note 10)	9,447,751	7,320,411
	39,130,154	38,365,730
Net Assets (Deficiency)		
Net assets invested in capital assets	191,727	191,727
Deficiency (Note 11)	(17,970,864)	(16,359,117)
	(17,779,137)	(16,167,390)
	$ 21,351,017	$ 22,198,340

Contingencies (Note 13)

On behalf of the Board

__________ Member __________ Member

See accompanying notes to the financial statements.

Avalon Health Care Institutions Board
Operating Fund
Statement of Cash Flows

Year Ended March 31	2003	(Note 15) 2002
Increase (decrease) in cash and cash equivalents		
Operating		
Deficit on operations	$(1,611,747)	$(1,746,641)
Depreciation	1,174,033	917,464
Amortization of deferred capital equipment grants	(683,908)	(529,533)
	(1,121,622)	(1,358,710)
Change in non-cash operating working capital (Note 12)	1,581,652	322,745
	460,030	(1,035,965)
Financing		
Capital grants - Province of Newfoundland and Labrador	2,298,192	1,177,250
Capital grants - other organizations	513,056	203,700
Approved borrowing - short term financing	-	549,570
Approved borrowing - capital leasing	-	127,183
Repayment of long term debt	(359,228)	(222,643)
Repayment of capital leases	(130,897)	(165,288)
	2,321,123	1,669,772
Investing		
Purchase of capital assets	(2,811,248)	(2,057,703)
Net decrease in cash and cash equivalents	(30,095)	(1,423,896)
Cash and cash equivalents		
Beginning of year	(7,985,671)	(6,561,775)
End of year	$(8,015,766)	$(7,985,671)

See accompanying notes to the financial statements.

1. Nature of operations

The Avalon Health Care Institutions Board assumed the assets and liabilities of the Trinity-Conception Regional Health Board, the Placentia and Area Health Care Board, the Conception Trinity Inter-Faith Citizens' Foundation, and the Medical Clinics Association effective April 1, 1995.

These financial statements reflect on a combined basis, the assets, liabilities, net assets, revenues and expenditures of the predecessor entities.

2. Summary of significant accounting policies

The accounting policies of the Board are in accordance with Canadian generally accepted accounting policies. Outlined below are those policies considered particularly significant to the Board.

Use of estimates

In preparing the Board's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Revenue on operating assets

Revenue earned on operating assets of the Board are reflected in the separate financial statements of the Board Fund.

Capital grants and assistance

Capital grants relating to the acquisition of capital assets are recorded as deferred contributions and amortized on the same basis as the related asset is depreciated.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks (net of overdrafts). Bank borrowings are considered to be financing activities.

Inventories

Inventory of drugs, medical and surgical supplies are valued on a first in-first out basis as follows:

Drugs, at cost
Medical and surgical supplies, at average cost

Capital assets

Capital assets are recorded at cost, with the exception of the buildings occupied as Carbonear General Hospital, the Harbour Lodge Nursing Home, and Dr. Wm. H. Newhook Community Health Centre which are not recorded as assets of the Board. Any capital improvements to these buildings are expensed in the accounts of the Board.

2. Summary of significant accounting policies (cont'd.)

Depreciation

Rates of depreciation applied on the declining balance method to write off the cost of capital assets over their estimated useful lives are as follows:

Land improvements	10%
Buildings	2.5%
Equipment	6.66%
Vehicles	20%

Depreciation is provided on property and equipment purchased from loans and capital leases at a rate equal to the annual principal reduction of the loans and capital leases.

Pension costs

Employees of the Board are covered by the Public Service Pension Plan and the Government Money Purchase Pension Plan administered by the Province of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Board. The annual contributions for pensions are recognized in the accounts on a current basis.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

3. **Receivables**	**2003**	2002
Provincial plan	**$ 886,817**	$ 2,917,281
Services to patients	**234,148**	339,317
Other	**357,335**	915,778
	$ 1,478,300	$ 4,172,376

4. **Inventories**	**2003**	2002
Drugs	**$ 472,111**	$ 536,975
Medical and surgical supplies	**371,075**	373,272
Linen supplies	**213,979**	210,435
Laboratory supplies	**268,019**	160,957
Radiology supplies	**60,914**	62,971
Food supplies	**13,165**	11,649
General supplies	**58,979**	66,469
	$ 1,458,242	$ 1,422,728

5. Capital assets

			2003	2002
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land and improvements	$ 196,037	$ 3,785	**$ 192,252**	$ 192,310
Buildings	9,163,561	1,752,212	**7,411,349**	7,766,494
Residences	218,811	197,854	**20,957**	28,233
Equipment	18,372,392	8,992,795	**9,379,597**	7,371,764
Vehicles	414,879	279,112	**135,767**	143,906
	$ 28,365,680	$ 11,225,758	**$ 17,139,922**	$ 15,502,707

6. Restricted use funds

The chief executive officer of the Board, on a voluntary basis, administers certain personal funds held in trust for residents. These funds do not form part of the assets of the Board and accordingly a corresponding liability is recorded representing the amount of funds held by the nursing homes.

7. Bank indebtedness

The Board had an authorized overdraft, supported by an authorization to borrow from the province, of $12,000,000 at March 31, 2003. The authorized overdraft is based on actual current account balances at March 31, 2003. At March 31, 2003 current account balances were in overdraft in the amount of $7,564,757.

8. Loans and mortgages payable

	2003	2002
Canadian Imperial Bank of Commerce's prime lending rate less 62.5 basis points borrowing to finance the construction of a new facility at Old Perlican. Loan is repayable in monthly instalments of $21,200 plus interest and matures in 2016.	**$ 3,389,073**	$ 3,638,672
6.22% Newfoundland and Labrador Housing Corporation mortgage, payable in monthly instalments of $22,177 including interest. The mortgage matures in December 2020 and is secured by land and building.	**2,871,809**	2,958,587
10% Newfoundland and Labrador Housing Corporation mortgage, payable in monthly instalments of $8,955 including interest. The mortgage matures in December 2028 and is secured by land and building.	**1,009,188**	1,017,310

8. **Loans and mortgages payable** (cont'd.)	**2003**	2002
6.75% Canadian Imperial Bank of Commerce mortgage, payable in weekly instalments of $171 including interest. The mortgage matures in October 2005 and is secured by land and building.	20,956	28,233
8% Canadian Imperial Bank of Commerce demand loan, payable in monthly instalments of $760 including interest. The loan matures in March 2005 and is unsecured.	**16,813**	24,265
	7,307,839	7,667,067
Less: current portion	**374,447**	355,474
	$ 6,933,392	$ 7,311,593

Approximate annual principal repayments required in each of the next five years are as follows: 2004 - $374,447; 2005 - $383,159; 2006 - $377,156; 2007 - $381,374; and 2008 - $390,063.

Canada Mortgage and Housing Corporation - Interest subsidy

The Board receives federal assistance from Canada Mortgage and Housing Corporation through Newfoundland and Labrador Housing Corporation pursuant to Section 56.1 of the National Housing Act (now administered by Newfoundland and Labrador Housing Corporation) to reduce mortgage interest on the Lions Manor mortgage, a 6.22% Newfoundland and Labrador Housing Corporation mortgage payable in monthly instalments of $22,177 including interest. The amount of assistance received in 2003 was $92,224 (2002 - $92,224) which reduced interest on the mortgage to an effective rate of 2%.

The Board receives federal assistance through the Canada Mortgage and Housing Corporation pursuant to Section 27 of the National Housing Act. The purpose of the assistance is to reduce mortgage interest on the Inter Faith Citizens Home mortgage, a 10% Newfoundland and Labrador Housing Corporation mortgage payable in monthly instalments of $8,955 including interest, to 8% in order to provide housing to low income individuals. The amount of assistance received in 2003 was $20,073 (2002 - $20,073).

Avalon Health Care Institutions Board
Operating Fund
Notes to the Financial Statements
March 31, 2003

9. Obligations under capital leases

	2003	2002
7.68% Royal Bank of Canada lease, repayable in monthly instalments of $3,199, maturing in 2005.	$ 57,066	$ 89,701
6.71% Royal Bank of Canada lease, repayable in monthly instalments of $837, maturing in 2006.	24,536	32,145
0% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of $576, maturing in 2005.	18,058	24,624
6.48% Royal Bank of Canada leasing lease, repayable in monthly instalments of $528, maturing in 2006.	17,991	22,675
0% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of $576, maturing in 2005.	17,778	24,243
2.9% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of $583, maturing in 2005.	17,546	23,588
5.5% Royal Bank of Canada leasing lease, repayable in monthly instalments of $596, maturing in 2005.	16,333	22,059
7.71% Royal Bank of Canada leasing lease, repayable in monthly instalments of $312 with an annual cash payment of $9,200 due each September for the next year, maturing in 2005.	13,916	24,414
7.10% Royal Bank of Canada leasing lease, repayable in monthly instalments of $478, maturing in 2004.	4,824	9,746
6.47% Royal Bank of Canada leasing lease, repayable in monthly instalments of $1,616, maturing in 2004.	4,556	22,073
6.34% Royal Bank of Canada lease, repaid during the year.	-	26,450
7.53% Newcourt Financial Limited lease, repaid during the year.	-	1,783
	192,604	323,501
Less: current portion	94,379	130,897
	$ 98,225	$ 192,604

The capital leases are secured by specific equipment.

9. Obligations under capital leases (cont'd.)

The payments required during the next four years are as follows:

2004	-	$ 102,002
2005	-	67,081
2006	-	32,664
2007	-	2,005
		203,752
Less: amount representing interest		11,148
		$ 192,604

10. Deferred contributions

Capital grants received by the Board are deferred and amortized on a declining balance method consistent with the depreciation rate for the related asset purchased. The changes in the deferred capital grants balance for the year are as follows:

	2003	2002
Balance, beginning of year	**$ 7,320,411**	$ 6,474,484
Capital grants	**2,811,248**	1,380,950
Amortization for the year	**(683,908)**	(529,533)
Net book value of capital asset disposals during the year	**-**	(5,490)
Balance, end of year	**$ 9,447,751**	$ 7,320,411

11. Deficiency

	2003	2002
Accumulated operating deficit	**$ (8,255,089)**	$ (7,282,988)
Accrued severance pay	**(7,036,734)**	(6,413,364)
Accrued vacation pay	**(2,679,041)**	(2,662,765)
	$(17,970,864)	$(16,359,117)

12. Supplemental cash flow information

	2003	2002
Change in non-cash operating working capital		
Receivables	$ 2,694,076	$(1,028,031)
Inventories	(35,514)	(166,099)
Due from Board Fund	(264,569)	(105,936)
Prepaid expenses	26,506	(54,787)
Payables and accruals	1,061,809	223,873
Accrued vacation pay	16,276	578,426
Accrued severance pay	623,370	559,887
Deferred contributions - operating	(1,169,526)	(486,294)
Deferred contributions - capital	(1,370,776)	801,706
	$ 1,581,652	$ 322,745
Cash and cash equivalents consist of:		
Cash on hand	$ 11,675	$ 11,750
Balances with banks (net of overdrafts)	(8,027,441)	(7,997,421)
	$(8,015,766)	$(7,985,671)
Interest paid	$ 425,860	$ 371,784

13. Contingencies

a) The amounts receivable from the Province of Newfoundland and Labrador under the insured services plan are subject to final approval and acceptance from the Financial Services Division of the Department of Health and Community Services.

b) As of March 31, 2003 there were a number of claims against the Board in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

14. Financial instruments

The Board's primary financial instruments recognized in the statement of financial position consists of accounts receivable, current liabilities, accrued severance pay and loans and mortgages payable. The carrying value of the primary financial instruments of the Board approximate fair value due to normal trade credits terms and conditions of those instruments.

15. Comparative figures

Certain of the 2002 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2003.

AVALON WEST SCHOOL BOARD

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

June 30, 2002

BYRON
SMITH
CHARTERED ACCOUNTANTS
MANAGEMENT CONSULTANTS

BYRON
SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

BYRON D. SMITH, B. Comm., C.F.E., C.A.

P. O. Box 610
490 Conception Bay Highway
Spaniard's Bay, NF
A0A 3X0

Telephone: (709) 786-1232
Toll Free: 1-877-786-1232
Facsimile: (709) 786-1230
E-mail: byronsmithca@warp.nfld.net
Website: byronsmithca.com

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Association of Certified Fraud Examiners

CA

AUDITOR'S REPORT

To the Board Members of
Avalon West School Board

I have audited the balance sheet of the current and capital funds of the Avalon West School Board as at June 30, 2002 and the related statements of current revenues, expenditures and District deficiency, cash flows and changes in capital fund for the year then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the District as at June 30, 2002 and the results of its operations and changes in its capital financial position for the year then ended in accordance with generally accepted accounting principles and as explained in Note 1 to the financial statements and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

Chartered Accountant

Spaniard's, Newfoundland
August 20, 2002

Avalon West School Board
Balance Sheet

As At June 30,	2002	2001
Assets		
Current		
Cash (Supp. Info. 1)	$ 909,050	
Short Term Investments (Supp. Info. 2)	62,821	$ 24,190
Accounts receivable (Note 3)	521,991	1,174,194
Prepaid expenses (Supp. Info. 3)	165,853	109,051
	1,659,715	1,307,435
Property Plant and Equipment (Schedule 7)	88,152,710	82,709,043
	$ 89,812,425	$ 84,016,478
Liabilities		
Current		
Bank indebtedness (Note 4) & (Supp. Info. 1)		$ 293,094
Current maturities (Schedule 8B)	$ 139,498	163,719
Accounts payable and accrued liabilities (Note 5)	1,535,935	1,441,124
	1,675,433	1,897,937
Obligations under capital lease (Schedule 8)		27,720
Long term debt (Schedule 8)	1,254,895	1,373,986
	1,254,895	1,401,706
Teachers Severance Pay Benefits (Note 2)	10,574,598	10,504,424
Other Employee Severance Pay Accrual	737,027	678,376
	11,311,625	11,182,800
	14,241,953	14,482,443
Board Equity		
Investment in Capital assets (Note 7)	86,758,316	81,143,618
Reserve Account (Note 6)	66,526	29,068
Board Deficiency	(11,254,370)	(11,638,651)
	75,570,472	69,534,035
	$ 89,812,425	$ 84,016,478

On Behalf of the Board:

Director Director

See accompanying notes to financial statements

Avalon West School Board
Statement of Current Revenue, Expenditures and Board Deficiency

For the Year Ended June 30,	2002	2001
Current Revenue (Schedule 1)		
Provincial Government Grants	$ 62,281,072	$ 58,309,480
Miscellaneous	760,957	969,784
	63,042,029	59,279,264
Current Expenditures		
Administration (Schedule 2)	1,555,119	1,368,099
Instruction (Schedule 3)	51,678,458	48,878,878
Operations and Maintenance (Schedule 4)	5,001,834	4,815,663
Pupil Transportation (Schedule 5)	3,931,197	3,745,281
Ancillary Services (Schedule 6)	5,152	23,255
Interest Expense (Schedule 8C)	102,522	38,050
	62,274,282	58,869,226
Excess of revenue over expenditures before undernoted items	767,747	410,038
Transfer to capital	383,466	173,540
Excess of revenue over expenditures	$ 384,281	$ 236,498
Board Deficiency, beginning of the year	$ (11,638,651)	$ (11,875,149)
Excess of revenue over expenditures	384,281	236,498
Board Deficiency, end of the year	$ (11,254,370)	$ (11,638,651)

See accompanying notes to financial statements

Avalon West School Board
Statement of Changes in Capital Fund

For the Year Ended June 30,	2002	2001
70 Capital Receipts		
71 Proceeds from Bank Loans		
011 School Construction		$ 1,470,000
012 Equipment		
013 Service Vehicles		
014 Pupil Transportation		
015 Other		
		1,470,000
72 EIC Grants		
011 School Construction and Equipment	$ 6,351,669	2,725,526
012 Other		
	6,351,669	2,725,526
73 Donations		
011 Cash Receipts		
012 Non-Cash Receipts		
013 Restricted Use		
74 Sale of Capital Assets - Proceeds		
011 Land & 012 Buildings		
013 Equipment		
014 Service Vehicles		
015 Pupil Transportation Vehicles		
016 Other		
75 Other Capital Revenues		
012 Premiums on Debentures		
013 Recoveries of Expenditures		
015 Insurance Proceeds		
016 Native Peoples Grants		
017 Miscellaneous		
78 Transfer to/from Current Fund	383,466	173,540
	$ 6,735,135	$ 4,369,066

See accompanying notes to financial statements

Avalon West School Board
Statement of Changes in Capital Fund (Cont'd)

For the Year Ended June 30,	2002	2001
80 Capital Disbursements		
81 Additions to Property & Equipment		
011 Land and Sites		
012 Buildings	$ 6,541,042	$ 4,292,641
013 Furniture & Equipment - School	23,062	
014 Furniture & Equipment - Other		11,049
015 Service Vehicles		
016 Pupil Transportation		
017 Other		
	6,564,104	4,303,690
82 Principal Repayment of Long Term Debt		
011 School Construction		
012 Equipment	171,031	65,376
013 Service Vehicles		
014 Other		
	171,031	65,376
83 Miscellaneous Disbursements		
013 Other		
Total Capital Disbursements	$ 6,735,135	$ 4,369,066

See accompanying notes to financial statements.

2. Teachers' Severance

Pursuant to a directive issued by the Department of Education during fiscal 1998, the Board recorded severance pay for teachers in the District. The Schools Act specifies that salaries and other compensation for teachers are the responsibility of the Department. The Board received written approval from the Minister of Education for the deficit arising from the Department's requirement to accrue the teachers' severance.

The net change in the liability for the year ended June 30, 2002 is as follows.

	2002	2001
Balance, beginning of the year	$ 10,504,424	$ 10,435,780
Net increase for the year	70,174	68,644
Balance, end of the year	$ 10,574,598	$ 10,504,424

3. Accounts Receivable

	2002	2001
Current		
11 131 Provincial Government	$ 11,717	$ 31,270
132 Transportation	251,232	243,659
133 Federal Government		114,865
136 Other School Boards		
137 Rent		
138 Interest	4,142	4,182
139 Travel Advances and Misc.	8,851	10,480
140 Goods and Service Tax Rebate	206,526	247,503
Capital		
11 231 Provincial Govt -Construction Grants	39,523	522,235
233 Local Contributions		
234 Other School Boards		
235 Other - Note 10		
	$ 521,991	$ 1,174,194

4. Bank Indebtedness

	2002	2001
21 131 On Operating Credit	$	$ 293,094
132 On Capital Account		
	$	$ 293,094

5. Accounts Payable and Accrued Liabilities

Current	2002	2001
21 111 Trade Payable	$ 894,381	$ 200,483
Accrued		
112 Liabilities		137,638
114 Wages	202,972	125,783
115 Payroll Deductions	23,026	3,411
118 Other -Appropriated Funds	119,715	121,387
Capital		
Accrued		
212 Liabilities	5,000	174,909
213 Interest		
217 Deferred Grants	290,841	677,513
218 Other		
	$ 1,535,935	$ 1,441,124

6. Reserve Account

	2002	2001
Balance, Beginning of Period	$ 29,068	$ 62,483
Less Transfer from Reserve		33,415
	29,068	29,068
Add Transfer to Reserve	37,458	
Balance End of Period	$ 66,526	$ 29,068

7. Investment in Capital Assets

	2002	2001
Investment in Capital Assets, Beginning of the year	$ 81,143,618	$ 78,983,090
Add		
Transfer of Operating Funds to Capital Fund	383,466	173,540
Grants - Contributions for Capital Const	6,351,669	2,725,526
Proceeds from Sale of Capital Assets		
Interest on Capital Fund Investments		
Recoveries of Expenditures		
Insurance Proceeds - Capital		
Native Peoples Grants - Capital		
Miscellaneous		
School contributions		
	87,878,753	81,882,156
Deduct Adjustments		
Cost of assets disposed	1,120,437	738,538
Other		
Government of Newfoundland and Labrador adjustments		
Adjustment to carrying value of certain fixed assets		
	1,120,437	738,538
23 221 Investment in Capital Assets, End of the year	$ 86,758,316	$ 81,143,618

8. Lease Commitments

The Board is committed under the terms of various operating leases to make payments in the next five years approximately as follows:

2003	$	83,800
2004	$	52,661
2005	$	34,213
2006	$	11,458
2007	$	5,745

9. Insurance Subsidy

The cost of insuring school properties is borne by the Provincial Government and no amount has been recorded in these accounts to reflect this cost.

10. Economic Dependence

The organization is dependant solely on the Provincial Department of Education for operating funds.

11. Bank Indebtedness

The School District has a one million dollar overdraft limit. The Bank was provided a Board of Trustees authorization and written permission to borrow from the Government of Newfoundland and Labrador.

Avalon West School Board
Schedule 1
Current Revenues

For the Year Ended June 30,	**2002**	**2001**
Current Revenues		
32 010 **Provincial Government Grants**		
011 Regular Operating Grants	$ 8,320,000	$ 7,703,214
016 Special Grants	563,693	379,089
Salaries and Benefits		
017 Superintendent and Asst. Supts	418,166	296,628
021 Regular Teachers	45,884,081	43,482,439
022 Substitute Teachers	1,935,762	1,816,495
023 Student Assistants	1,264,565	1,122,715
031 Board Owned		
032 Contracted	3,465,908	3,198,362
033 Handicapped	428,897	310,538
	62,281,072	58,309,480
33 010 **Donations**		
012 Cash Receipts		
013 Non Cash Receipts		
014 Restricted Use		
34 010 **Ancillary Services**		
011 Revenues from Rental of Residences		
021 Revenues from Rental of Schools and Facilities (Net)		
031 Cafeterias		
032 Other		
35 010 **Miscellaneous**		
011 Interest on Investments	22,198	32,559
012 Bus Charters		
021 Recoveries of Expenditures	1,603	
031 Revenues from Other School Boards		
051 Insurance Proceeds	2,392	6,827
071 Operating Rev. from Native Peoples Grant		
081 Miscellaneous Federal Grants - Special Projects	427,925	690,719
082 Education Foundation		
083 Summer School		
085 Computers for Schools		17,280
091 Textbooks	123,707	70,209
092 Sundry	183,132	152,190
	760,957	969,784
Total Current Revenues	$ 63,042,029	$ 59,279,264

See accompanying notes to financial statements

BYRON SMITH
CHARTERED ACCOUNTANTS
MANAGEMENT CONSULTANTS

Avalon West School Board
Schedule 2
Administration Expenditures

For the Year Ended June 30,	2002	2001
51 Salaries and Benefits		
011 Superintendents and Assistant Superintendents	$ 367,420	$ 262,992
012 Board Office Personnel	681,161	631,678
013 Office Supplies	41,264	37,494
014 Replacement Furniture and Equipment	9,026	9,868
015 Postage	1,477	12,398
016 Telephone	54,079	45,282
017 Office Equipment Rentals and Repairs	2,336	2,312
018 Bank Charges		
019 Electricity	33,868	31,982
021 Fuel	3,639	4,138
022 Insurance		
023 Repairs and Maintenance (Office Building)	10,676	27,845
024 Travel	116,371	113,696
025 Board Meeting Expenses	23,618	27,777
026 Election Expenses	40,898	
027 Professional Fees	55,890	50,736
028 Advertising	34,722	35,978
029 Membership Dues	56,039	51,058
031 Municipal Service Fees	3,326	3,588
032 Rental of Office Space		
033 Relocation Expenses		
034 Miscellaneous	5,016	5,786
035 Payroll Tax	14,293	13,491
Total Administration Expenditures	$ 1,555,119	$ 1,368,099

See accompanying notes to financial statements

Avalon West School Board
Schedule 3
Instruction Expenditures

For the Year Ended June 30,	2002	2001
52 10 **Instructional Salaries (Gross)**		
Teachers' Salaries		
11 Regular	$ 38,487,344	$ 36,642,251
12 Substitute	1,623,708	1,530,744
13 Board Paid	95,502	143,691
Summer School	37,314	36,291
Student Assistants	1,060,711	946,102
Teachers' Severance	70,174	68,644
14 Augmentation		
15 Employee Benefits	7,150,458	6,563,217
IT Salaries and Benefits	134,278	110,963
16 School Secretaries - Salaries & Benefits	750,371	686,969
17 Payroll Tax	845,144	785,998
18 Other - HRDC projects	334,250	398,993
	50,589,254	47,913,863
52 40 **Instructional Materials**		
41 General Supplies	5,129	5,114
42 Library Resource Materials	9,966	5,506
43 Teaching Aids	692,861	700,316
44 Textbooks	120,784	73,247
45 Other - Special and Regional Services		
	828,740	784,183
52 60 **Instructional Furniture and Equipment**		
61 Replacement	34,906	1,222
62 Rentals and Repairs		3,128
	34,906	4,350
52 80 **Instructional Staff Travel**		
80 IT Travel	21,231	19,293
81 Program Co-ordinators	59,041	67,373
82 Teachers' Travel	14,699	13,209
83 Inservice and Conferences	126,647	76,607
	221,618	176,482
52 90 **Other Instructional Costs**		
91 Postage and Stationary	3,940	
	3,940	
Total Instruction Expenditures	$ 51,678,458	$ 48,878,878

See accompanying notes to financial statements

Avalon West School Board
Schedule 6
Ancillary Services and Miscellaneous Expenses

For the Year Ended June 30,	2002	2001
Ancillary Services		
The Board owns and operates the following ancillary services:		
55 Ancillary Services		
011 Operation of Teachers' Residences		
031 Cafeterias		
032 Other - Vehicle Operating	$ 5,152	$ 23,255
	$ 5,152	$ 23,255
Miscellaneous Expenses		
The Board has incurred the following miscellaneous expenses:		
57 011 Miscellaneous Expenses	$	$

See accompanying notes to financial statements

Avalon West School Board
Schedule 7
Details of Property and Equipment

For the Year Ended June 30,

	Balance June 30, 2001	Additions	Disposals	Accumulated Amortization	Balance June 30 2002
12 210 **Land and Sites**					
211 Land and Sites	$ 1,391,406			$	$ 1,391,406
12 220 **Buildings**					
221 Schools	68,204,676 $	6,533,542 $	680 434		74,057,784
222 Administration	875,843	7,500			883,343
223 Residential					
224 Recreational					
225 Other					
	69,080,519	6,541,042	680,434		74,941,127
12 230 **Furniture and Equip.**					
231 Schools	10,573,652	23,062	440,003		10,156,711
232 Administration	1,546,348				1,546,348
233 Residential					
234 Recreation					
235 Other					
	12,120,000	23,062	440,003		11,703,059
12 240 **Vehicles**					
241 Service Vehicles	117,118				117,118
12 250 **Pupil Transportation**					
251 Land					
252 Building					
Vehicles					
253 Buses					
254 Service					
255 Equipment					
256 Other					
12 260 **Misc. Capital Assets**					
Other					
261 Energy retrofit					
Total Property and Equipment	$ 82,709,043 $	6,564,104 $	1,120,437 $		$ 88,152,710

See accompanying notes to financial statements

Avalon West School Board
Schedule 8 (Cont'd)
Details of Long Term Debt

For the Year Ended June 30,	2002	2001
22 220 Loans - Pupil Transportation		
Ref. #		
221 **Vehicle Bank Loans**		
Repayable $__________ monthly, maturing ________	$	$
Repayable $__________ monthly, maturing ________		
Repayable $__________ monthly, maturing ________		
Repayable $__________ monthly, maturing ________		
Repayable $__________ monthly, maturing ________		
Repayable $__________ monthly, maturing ________		
Repayable $__________ monthly, maturing ________		
Repayable $__________ monthly, maturing ________		
Repayable $__________ monthly, maturing ________		
Repayable $__________ monthly, maturing ________		
Repayable $__________ monthly, maturing ________		
Repayable $__________ monthly, maturing ________		
Repayable $__________ monthly, maturing ________		
Total 221		
222 Land, Buildings and Equipment Bank Loans		
Repayable $__________ monthly, maturing ________		
Repayable $__________ monthly, maturing ________		
Repayable $__________ monthly, maturing ________		
Repayable $__________ monthly, maturing ________		
Repayable $__________ monthly, maturing ________		
Total 222		
223 Less Current Maturities		
Total Loans - Pupil Transportation		
Total Long Term Debt	$ 1,254,895	$ 1,401,706

See accompanying notes to financial statements

Avalon West School Board
Schedule 8A
Summary of Long Term Debt

For the Year Ended June 30,

Description	Rate	Balance Beginning of Period	Loans Obtained During Period	Principal Repayment for Period	Balance End of Period
A) School Construction	6.8%	$ 1,470,000	$	$ 103,327	$ 1,366,673
B) Equipment		95,425		67,705	27,720
C) Service Vehicles					
D) Other					
E) Pupil					
Transportation					
Total Loans		$ 1,565,425	$	$ 171,032	$ 1,394,393

See accompanying notes to financial statements

BYRON SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Avalon West School Board
Schedule 8B
Schedule of Current Maturities

For the Year Ended June 30,

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction	$ 111,778	$ 119,620	$ 128,013	$ 136,994	$ 146,605
B) Equipment	27,720				
C) Service Vehicles					
D) Other					
E) Pupil					
Transportation					
Total Loans	$ 139,498	$ 119,620	$ 128,013	$ 136,994	$ 146,605

See accompanying notes to financial statements

Avalon West School Board
Schedule 8C
Schedule of Interest Expense

For the Year Ended June 30,		**2002**		**2001**
56 010				
Description				
012 **Capital**				
School Construction				
Equipment	$	3,414		
Service Vehicles				
Other				
Energy Management		97,132		
Total Capital		100,546		
Current				
013 Operating Loans		74	$	36,865
014 Supplier Interest Charges		1,902		1,185
Total Current		1,976		38,050
Total Interest Expense	$	102,522	$	38,050

See accompanying notes to financial statements

Avalon West School Board
Supplementary Information

For the Year Ended June 30,	2002	2001
1. Cash		
Current		
11 110 Cash on Hand and in Bank		
111 Cash on Hand	$ 200	$ 200
Bank		
112 Current	784,056	(407,125)
113 Savings		
114 Teachers' Payroll	28,056	26,650
115 Non Teachers' Payroll	11,649	1,380
116 Coupon (Debenture)		
117 Other - Funds	85,089	85,801
	909,050	(293,094)
Capital		
11 210 Cash on Hand and in Bank		
211 Cash on Hand		
Bank		
212 Current		
213 Savings		
214 Other		
Total Cash on Hand and in Bank	$ 909,050	$ (293,094)
2. Short Term Investments		
Current		
11 121 Term Deposits	$ 62,821	$ 24,190
122 Canada Savings Bonds		
123 Other		
Capital		
11 221 Term Deposits		
222 Canada Savings Bonds		
223 Other		
Total Short Term Investments	$ 62,821	$ 24,190

3. Prepaid Expenses

For the Year Ended June 30,	2002	2001
Current		
11 141 Insurance	$ 4,805	$ 4,920
142 Municipal Service Fees	66,223	43,966
143 Supplies	16,525	
144 Other		
Equipment Lease		
Workers' Compensation Commission	78,300	60,165
Garbage Collection		
Vehicle Insurance		
Other		
Capital		
11 241 Other		
	$ 165,853	$ 109,051

Baie Verte Central Connaigre School District #5

Financial Statements/Auditor's Report

June 30, 2002

Blair J. Jewer
Chartered Accountant

Blair J. Jewer
Chartered Accountant

2A Bank Road
P.O. Box 471
Grand Falls-Windsor, NF
A2A 2J9
Tel: (709) 489 - 7755
Fax: (709) 489 - 8646

Auditor's Report

To The Members of the Board
Baie Verte Central Connaigre School District #5

I have audited the balance sheet of the current and capital funds of The Baie Verte Central Connaigre School District #5 as at June 30, 2002, and the related statements of current revenues, expenditures and Board deficit, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2002 and the results of its operations and changes in its capital financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

Blair J. Jewer

September 24, 2002

Baie Verte Central Connaigre School District #5

Balance Sheet

June 30, 2002

Assets

	2002	*2001*
Current Assets		
Cash (Supp. Info. 1)	$ 210,679	$ 993,455
Short Term Investments (Supp. Info. 2)	-	-
Accounts Receivable (Note 2)	718,192	424,192
Prepaid Expenses (Supp. Info. 3)	80,344	95,680
Total Current Assets	1,009,215	1,513,327
Property and Equipment (Sch. 8)	72,554,510	72,461,312
	$ 73,563,725	$ 73,974,639

Liabilities and Board Equity

	2002	*2001*
Current Liabilities		
Bank Indebtedness (Note 3)	$ -	$ -
Accounts Payable and Accrued (Note 4)	1,470,834	1,553,807
Current Maturities (Schedule 9B)	170,334	148,683
Total Current Liabilities	1,641,168	1,702,490
Long-Term Debt (Schedule 9)	1,169,891	1,252,819
Accrued Teachers Severance	9,767,122	9,804,246
Board Equity		
Investment in Capital Assets (Note 6)	71,194,459	71,039,985
Reserve Account (Note 5)	-	
Board Deficit	(10,208,915)	(9,824,901)
Total Board Equity	60,985,544	61,215,084
	$ 73,563,725	$ 73,974,639

See Accompanying Notes

Approved: Tyrone Brown *Chairman*

Raymond Gray *Secretary*

Baie Verte Central Connaigre School District #5

Statement of Current Revenues, Expenditures and Board Deficit

For The Year Ended June 30, 2002

	2002	2001
Current Revenue (Schedule 1)		
Provincial Government Grants	$ 54,282,262	$ 53,166,432
Donations	500	700
Ancillary Services	13,183	27,853
Miscellaneous	701,874	457,010
	54,997,819	53,651,995
Current Expenditures		
Administration (Schedule 2)	1,426,329	1,240,349
Instruction (Schedule 3)	45,086,816	43,030,068
Operations and Maintenance (Schedule 4)	5,253,842	5,043,972
Pupil Transportation (Schedule 5)	2,986,663	3,033,511
Ancillary Services (Schedule 6)	49,465	47,523
Interest Expense (Schedule 9C)	1,711	12,669
Miscellaneous Expense (Schedule 7)	-	-
	54,804,826	52,408,092
23 111 Excess of Revenue over Expenditures	192,993	1,243,903
Transfer (to) from Capital	(577,007)	(792,011)
Net Increase (Decrease) in Board Equity	(384,014)	451,892
Board Deficit, Beginning of Year	(9,824,901)	(10,276,793)
Prior Period Adjustment - Education Investment Corporation Air Quality Grants	-	-
Less Transferred (to) Reserve Account	-	-
Board Deficit, End of Year	$(10,208,915)	$(9,824,901)

See Accompanying Notes

Baie Verte Central Connaigre School District #5

Statement of Changes in Capital Fund

For The Year Ended June 30, 2002

	2002	2001
70 Capital Receipts		
71 Proceeds from Bank Loans		
011- School Construction	$ -	$ -
012- Equipment	-	-
013- Service Vehicles	106,726	11,520
014- Pupil Transportation	-	301,000
015- Other (Specify)	-	-
	106,726	312,520
72 Education Investment Corporation		
011- School Construction and /Equipment	122,162	100,954
012- Other (Specify)	-	-
	122,162	100,954
73 Donations		
011- Cash Receipts	-	-
012- Non-Cash Receipts	-	-
013- Restricted Use	-	-
	-	-
74 Sale of Capital Assets - Proceeds		
011- Land	-	13,740
012- Buildings		
013- Equipment	-	-
014- Service Vehicles	1,350	-
015- Pupil Transportation Vehicles	4,448	3,762
016- Other (Specify)	-	-
	5,798	17,502
75 Other Capital Revenues		
011- Interest on Capital Fund Investments	-	-
012- Premiums on Debentures	-	-
013- Recoveries of Expenditures	27,024	30,816
015- Insurance Proceeds		
016- Native Peoples Grants	-	-
017- Miscellaneous - HRD Grant	-	-
Government of Newfoundland & Labrador Grant	-	-
- Pupil Transportation	-	-
- Debt Reduction	-	-
- Computers	-	-
	27,024	30,816
Total Capital Receipts	261,710	461,792
77 Transfer from (to) Reserve Account	-	-
	261,710	461,792
78 Transfer from Current Fund	577,007	792,011
Total	$ 838,717	$ 1,253,803

See Accompanying Notes

Blair J. Jewer
Chartered Accountant

Baie Verte Central Connaigre School District #5

Statement of Changes in Capital Fund (Cont'd)

For The Year Ended June 30, 2002

	2002	2001
80 Capital Disbursements		
81 Additions to Property & Equipment		
011- Land and Sites	$ 39,311	$ 57,152
012- Buildings	378,620	634,890
013- Furniture & Equipment - School	266,553	233,360
014- Furniture & Equipment - Other	22,375	-
015- Service Vehicles	101,021	11,520
016- Pupil Transportation	-	301,294
017- Other (Specify)	-	-
	807,880	1,238,216
82 Principal Repayment of Long Term Debt		
011- School Construction	-	-
012- Equipment	-	-
013- Service Vehicles	30,837	15,587
014- Other - Residential, etc	-	-
	30,837	15,587
83 Miscellaneous Disbursements		
013- Other (Specify)	-	-
Total Capital Disbursements	$ 838,717	$ 1,253,803

See Accompanying Notes

1. *Significant Accounting Policies:*

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting is as follows:

(a) Grants received by the Board are recorded in either the current or capital funds depending on their source.

(b) Capital asset additions are recorded at full cost in the capital fund.

(c) The Board does not calculate or record depreciation on any of its capital assets.

(d) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

(e) The liability for severance pay of teachers and support staff is accrued in the accounts as the employee earns the right to such benefits in accordance with union agreements.

2. *Accounts Receivable*

	2002	2001
Current		
11131 Provincial Government	$ 53,741	$ 10,096
132 Transportation	-	-
133 Federal Government	344,633	370,832
136 Other School Boards	-	-
137 Rent	-	-
138 Interest	-	-
139 Travel Advances and Misc.	197,656	10,476
Capital		
11231 Construction Grants	122,162	32,788
233 Local Contributions	-	-
234 Other School Boards	-	-
235 Other (Specify)	-	-
	$ 718,192	$ 424,192

3. *Bank Indebtedness*

	2002	2001
21131 On Operating Credit	$ -	$ -
132 On Capital Account	-	-
	$ -	$ -

4. Accounts Payable and Accrued

		2002	2001
Current			
		$ 433,326	$ 601,106
21111	Trade Payable	-	-
112	Accrued - Liabilities	-	-
113	- Interest	-	
114	- Wages	50,466	
115	Payroll Deductions	-	-
116	Retail Sales Tax	9,392	43,051
117	Deferred Grants		
118	Other (Specify)	-	-
	Bank Indebtedness - Current	86,335	86,494
	Accrued Support Staff - Vacation Pay	891,315	823,156
	Accrued Support Staff - Severance Pay		
Capital			
		-	-
21211	Trade Payable	-	-
212	Accrued - Liabilities	-	-
213	- Interest	-	-
217	Deferred Grants	-	-
218	Other (Specify)		
		$ 1,470,834	$ 1,553,807

5. Reserve Account

	2002	2001
Balance, Beginning of Year	$ -	$ -
Less: Transfer from Reserve	-	-
	-	-
Add: Transfer to Reserve	-	-
Balance, End of Year	$ -	$ -

	2002	2001
6. **Investment in Capital Assets, beginning of year**	$ 71,039,985	$ 71,094,425
Add:		
Pupil transportation principal loan payments	137,166	106,114
Transfer of Operating Funds to Capital Fund	577,007	792,011
Donations - (Specify)		
Proceeds from Sale of Capital Assets		
- Land	-	13,740
- Buildings	-	-
- Equipment	-	-
- Vehicles	5,798	3,762
- Other	-	-
Interest on Capital Fund Investments	-	-
Recoveries of Expenditures	27,024	30,816
Insurance Proceeds - Capital	-	-
Native Peoples Grants - Capital	-	-
Miscellaneous	-	-
Transfer from reserve	-	-
Education Investment Corporation Grant	122,162	100,954
	71,909,142	72,141,822
Deduct Adjustments:		
Transfer to reserve	-	-
Cost of assets sold - Land	-	-
- Buildings	714,683	861,692
- Equipment	-	-
- Vehicles	-	240,145
- Other	-	-
	714,683	1,101,837
Other - Transfer of Capital Funds to Operating Fund	-	-
23221 **Investment in Capital Assets, end of year**	$ 71,194,459	$ 71,039,985

Baie Verte Central Connaigre School District #5

Notes To The Financial Statements

For The Year Ended June 30, 2002

7. *Commitments:*

At balance sheet date the District had the following commitments:

The District has entered into lease agreements for the lease of copiers, school computers and telephone equipment. Future minimum lease payments under the terms of the leases are as follows:

2003 -	*$ 39,405*
2004 -	*21,201*
2005 -	*11,794*
2006 -	*6,817*
2007 -	*1,776*

The District has committed to the purchase of new school buses at a cost of $394,204 and has received government approval to borrow dated May 17, 2002. No loan draw downs have been made to June 30, 2002.

8. *Other (Please specify)*

1. ***Land and sites of the predecessor Pentecostal, Roman Catholic and Seven Day Adventist Boards on which buildings are erected remain vested in the respective churches of Newfoundland.***

2. ***Land and school buildings constructed by the Education Investment Corporation are conveyed to the District upon completion. The cost of additions are not reflected in the financial statements of the District during construction or upon completion.***

3. ***In accordance with the Auditor General's observations in the Auditor General's Report of March 1996, the School Districts are required to record on their financial statements an accrued liability for severance pay for teachers. It is normal procedure for the Department of Education to fully fund this liability as it comes due. The Department of Education has directed that no corresponding asset entry be recorded to offset the liability for accrued teacher's severance.***

4. ***The financial statements for 2001, which are presented for comparative purposes only, were audited by another auditor.***

Schedule 1

Baie Verte Central Connaigre School District #5

Current Revenues

For The Year Ended June 30, 2002

Current Revenues

		2002	2001
32010	Provincial Government Grants		
011	Regular Operating Grants	$ 7,810,700	$ 8,282,401
016	Special Grants (Details on bottom of Schedule 1)	54,587	747,462
	Salaries and Benefits		
017	- Director and Asst. Director	380,074	345,449
021	- Regular Teachers	40,523,527	38,564,007
022	- Substitute Teachers	1,507,495	1,297,047
023	- Student Assistants	1,078,471	979,934
030	Pupil Transportation		
031	- Board Owned	1,992,490	2,060,130
032	- Contracted	843,361	777,500
033	- Handicapped	91,557	112,502
034	- Other	-	-
		54,282,262	53,166,432
33010	Donations		
012	Cash receipts	500	700
013	Non Cash Receipts	-	-
014	Restricted Use	-	-
		500	700

Schedule 1 (Cont'd)

Baie Verte Central Connaigre School District #5

Current Revenues

For The Year Ended June 30, 2002

		2002	2001
34010	*Ancillary Services*		
011	*Revenues from Rental of Residences*	$ 5,000	$ 7,500
021	*Revenues from Rental of Schools and Facilities (Net)*	-	12,037
031	*Cafeterias*	8,183	8,316
		13,183	27,853
35010	*Miscellaneous*		
011	*Interest on Investments*	32,661	34,349
012	*Bus Charters*	41,090	29,897
021	*Recoveries of Expenditures*	166,747	204,399
051	*Insurance Proceeds*	317,282	102,953
081	*Miscellaneous Federal Grants*	4,325	1,470
091	*Textbooks*	139,769	83,942
		701,874	457,010
	Total Current Revenues	$ 54,997,819	$ 53,651,995

Special Grants

Other (Specify)		
- *Secretarial hours*	$ -	$ 220,400
- *Bottled water*	40,155	28,946
- *Election expenses*	33,652	-
- *French monitor*	24,402	16,146
- *French materials*	1,595	23,104
- *French immersion*	-	14,325
- *Alternate Text*	988	848
- *8% Administration*	13,881	9,343
- *Travel expenses - Terry Hillier*	-	2,165
- *Education Investment Corporation - Air Quality Costs*	-	13,200
- *Reclassifications*	-	12,453
- *Salary increases / pay equity*	47,709	-
- *School utilities 1999 / 2000*	-	156,700
- *School utilities 2000 / 2001*	101,473	185,400
- *Human Resources and Employment*	48,922	27,441
- *Tutoring for tuition*	5,000	5,000
- *Newfoundland & Labrador School Trustees Association - REDAS Program*	1,600	4,814
- *Executive Council Strategic Planning Grant*	-	21,927
- *Memorial University of Newfoundland - Internship Program*	4,500	5,250
- *Used book administration*	477	-
- *Negotiation expenses*	7,896	-
- *Net savings - strike - April 2001*	(21,000)	-
- *Net savings - strike - September / October 2001*	(314,347)	-
- *Computers*	51,284	-
- *Youth work experience*	3,600	-
- *Core french*	2,000	-
- *Summer student*	800	-
	$ 54,587	$ 747,462

Schedule 2

Baie Verte Central Connaigre School District #5

Administration Expenditures

For The Year Ended June 30, 2002

		2002	2001
51000	Administration		
011	Salaries and Benefits - Directors and assistants	$ 509,435	$ 444,701
012	- Board office	462,126	353,165
013	Office Supplies	40,995	38,054
014	Replacement Furniture and Equipment	6,072	9,451
015	Postage	22,028	24,836
016	Telephone	44,055	35,733
017	Office Equipment Rentals and Repairs	26,978	48,090
018	Bank Charges	2,238	4,345
019	Electricity	32,130	35,100
021	Fuel	-	-
022	Insurance	-	2,640
023	Repairs and Maintenance - Office Building	16,075	25,872
024	Travel	63,493	60,615
025	Board Meeting Expenses	44,304	42,922
026	Election Expenses	32,540	-
027	Professional Fees	24,322	25,445
028	Advertising	33,886	29,995
029	Membership Dues	42,203	41,868
031	Municipal Service Fees	6,187	5,934
032	Rental of Office Space	25	-
033	Relocation Expenses	-	-
034	Miscellaneous	7,492	3,627
035	Payroll Tax	9,745	7,956
	Total Administration Expenditures	$ 1,426,329	$ 1,240,349

Schedule 3

Baie Verte Central Connaigre School District #5

Instruction Expenditures

For The Year Ended June 30, 2002

		2002	2001
52010	Instructional Salaries (Gross)		
011	Teachers' Salaries - Regular	$ 39,842,091	$ 37,916,748
012	- Substitute	1,455,906	1,290,615
013	- Board Paid and Student Assistants	1,140,021	1,053,161
014	Augmentation	-	-
015	Employee Benefits	6,915	-
016	School Secretaries - Salaries and Benefits	736,812	820,309
017	Payroll Tax	693,702	699,543
018	Other (Specify)		
	Increase (decrease) in Teacher's Severance Accrual	(37,124)	(101,092)
		43,838,323	41,679,284
52040	Instructional Materials		
041	General Supplies	306,137	375,726
042	Library Resource Materials	42,812	51,496
043	Teaching Aids	335,456	326,920
044	Textbooks	113,311	77,094
		797,716	831,236
52060	Instructional Furniture and Equipment		
061	Replacement	132,178	157,792
062	Rentals and Repairs	18,700	18,084
		150,878	175,876
52080	Instructional Staff Travel		
081	Program Co-ordinators	41,057	72,673
082	Teachers' Travel	158,164	131,928
083	In service and Conferences	48,049	36,668
		247,270	241,269
52090	Other Instructional Costs		
091	Postage and Stationery	3,465	4,746
092	Miscellaneous	49,164	97,657
		52,629	102,403
	Total Instruction Expenditures	$ 45,086,816	$ 43,030,068

Schedule 4

Baie Verte Central Connaigre School District #5

Operations and Maintenance Expenditures - Schools

For The Year Ended June 30, 2002

		2002	2001
53000	Operations and Maintenance		
011	Salaries and Benefits - Janitorial	$ 1,160,464	$ 1,125,004
012	- Maintenance	615,805	726,300
013	Payroll Tax	27,792	31,541
014	Electricity	1,398,606	1,278,655
015	Fuel	210,896	294,503
016	Municipal Service Fee	46,351	43,135
017	Telephone	222,383	224,651
018	Vehicle Operating and Travel	55,038	66,059
019	Janitorial Supplies	81,964	128,959
021	Janitorial Equipment	9,823	12,219
022	Repairs and Maintenance - Buildings	1,005,922	663,003
023	- Equipment	178	349
024	Contracted Services - Janitorial	273,876	272,659
025	Snow Clearing	111,419	176,935
026	Rentals	-	-
027	Other (Specify)		
	Bottled water	33,325	-
	Total Operations and Maintenance Expenditures	$ 5,253,842	$ 5,043,972

Schedule 5

Baie Verte Central Connaigre School District #5

Pupil Transportation Expenditure

For The Year Ended June 30, 2002

		2002	2001
54010	Operation and Maintenance of Board Owned Fleet		
011	Salaries and Benefits		
	- Administration	$ 82,401	$ 75,553
012	- Drivers and Mechanics	1,268,784	1,275,181
013	Payroll Tax	18,602	23,729
014	Debt Repayment - Interest	62,953	83,219
015	- Principal	137,166	106,114
016	Bank Charges	-	-
017	Gas and Oil	193,512	256,349
018	Licenses	37,585	31,019
019	Insurance	23,482	22,311
021	Repairs and Maintenance - Fleet	147,102	139,454
022	- Building	14,410	25,709
023	Tires and Tubes	20,128	25,519
024	Heat and Light	17,635	36,797
025	Municipal Service	2,779	2,617
026	Snow Clearing	4,723	6,526
027	Office Supplies	2,457	2,481
028	Rent	-	3,872
029	Travel	6,677	17,812
031	Professional Fees	1,240	2,000
032	Miscellaneous	1,601	2,007
033	Telephone	6,095	9,121
034	Vehicle Lease	-	-
		2,049,332	2,147,390
54040	Contracted Services		
041	Regular Transportation	848,603	775,961
042	Handicapped	88,728	110,160
		937,331	886,121
	Total Pupil Transportation Expenditures	$ 2,986,663	$ 3,033,511

Schedule 6

Baie Verte Central Connaigre School District #5

Ancillary Services and Miscellaneous Expenses

For The Year Ended June 30, 2002

Ancillary Services

The Board owns and operates the following ancillary services:

		2002	2001
55000	Ancillary Services		
011	Operation of Teachers Residences	$ 3,820	$ 3,561
031	Cafeterias	45,645	43,962
032	Other (Specify)	-	-
		$ 49,465	$ 47,523

Schedule 7

Miscellaneous Expenses (Specify)

The Board has incurred the following miscellaneous expenses:

		2002	2001
57011	Miscellaneous Expenses (Specify)	$ -	$ -

Schedule 8

Baie Verte Central Connaigre School District #5

Details of Property and Equipment

For The Year Ended June 30, 2002

		Balance June 30, 2001	Additions	Disposal	Balance June 30, 2002
12210	**Land and Sites**				
211	**Land and Sites**	$ 1,095,129	$ 39,312	$ -	$ 1,134,441
12220	**Buildings**				
221	**Schools**	52,957,901	378,620	-	53,336,521
222	**Administration**	2,037,674	-	-	2,037,674
223	**Residential**	-	-	-	-
224	**Recreational**	-	-	-	-
225	**Other (Specify)**	-	-	-	-
		54,995,575	378,620	-	55,374,195
12230	**Furniture and Equipment**				
231	**Schools**	10,601,137	266,551	191,828	10,675,860
232	**Administration**	956,690	22,377	18,249	960,818
233	**Residential**	-	-	-	-
234	**Recreational**	-	-	-	-
235	**Other (Specify)**	-	-	-	-
		11,557,827	288,928	210,077	11,636,678
12240	**Vehicles**				
241	**Service vehicles**	124,951	101,022	32,344	193,629
12250	**Pupil Transportation**				
251	**Land**	28,006	-	-	28,006
252	**Building**	294,812	-	-	294,812
253	**Vehicles - Buses**	4,266,630	-	504,607	3,762,023
254	**- Service**	-	32,344	-	32,344
255	**Equipment**	-	-	-	-
256	**Other (Specify)**	-	-	-	-
		4,589,448	32,344	504,607	4,117,185
12260	**Misc. Capital Assets**				
261	**Other - Library books**	98,382	-	-	98,382
	Total Property and Equipment	$ 72,461,312	$ 840,226	$ 747,028	$ 72,554,510

Schedule 9

Baie Verte Central Connaigre School District #5

Details of Long Term Debt

For The Year Ended June 30, 2002

Bank loans, mortgage and debentures, approved by the Board and the Government of Newfoundland and Labrador

22210 Loans Other than Pupil Transportation

Ref. #		2002	2001
211	Bank Loans		
	Repayable $ 613 monthly, maturing 2006	$ 27,193	$ -
	Repayable $ 611 monthly, maturing 2005	21,368	-
	Repayable $ 555 monthly, maturing 2005	19,422	-
	Repayable $ 555 monthly, maturing 2005	19,422	-
	Repayable $ 571 monthly, maturing 2005	-	25,336
	Repayable $ 513 monthly, maturing 2005	12,293	17,848
	Repayable $ 536 monthly, maturing 2003	1,056	7,017
	Repayable $_______ monthly, maturing ____	-	-
	Total 211	100,754	50,201
212	Mortgages		
	Repayable $_______ monthly, maturing ____	-	-
	Repayable $_______ monthly, maturing ____	-	-
	Repayable $_______ monthly, maturing ____	-	-
	Repayable $_______ monthly, maturing ____	-	-
	Repayable $_______ monthly, maturing ____	-	-
	Repayable $_______ monthly, maturing ____	-	-
	Total 212	-	-
213	Debentures		
	Repayable $_______ monthly, maturing ____	-	
	Repayable $_______ monthly, maturing ____	-	
	Total 213	-	-
214	Other (Please Specify) Temporary Loans - School Construction	-	-
	Subtotal	100,754	50,201
215	Less Current Maturities	32,931	17,486
	Total Loans Other Than Pupil Transportation	$ 67,823	$ 32,715

Schedule 9 (Cont'd)

Baie Verte Central Connaigre School District #5

Details of Long Term Debt

For The Year Ended June 30, 2002

		2002	2001
22220	*Loans - Pupil Transportation*		
	Ref. #		
221	*Vehicle Bank Loans*		
	Repayable $ 1,549 monthly, maturing 2001	$ 156,403	$ 174,985
	Repayable $ 5,211 monthly, maturing 2011	562,784	625,316
	Repayable $25,000 annually, maturing 2011	225,000	250,000
	Repayable $ 2,090 monthly, maturing 2012	275,917	301,000
	Repayable $ 571 monthly, maturing 2005	19,367	-
	Repayable $_____ monthly, maturing ____	-	-
	Repayable $_____ monthly, maturing ____	-	-
	Repayable $_____ monthly, maturing ____	-	-
	Repayable $_____ monthly, maturing ____	-	-
	Repayable $_____ monthly, maturing ____	-	-
	Repayable $_____ monthly, maturing ____	-	-
	Repayable $_____ monthly, maturing ____	-	-
	Repayable $_____ monthly, maturing ____	-	-
	Repayable $_____ monthly, maturing ____	-	-
	Total 221	1,239,471	1,351,301
222	*Land, Buildings and Equipment Bank Loans*		
	Repayable $_____ monthly, maturing ____	-	-
	Repayable $_____ monthly, maturing ____	-	-
	Repayable $_____ monthly, maturing ____	-	-
	Repayable $_____ monthly, maturing ____	-	-
	Repayable $_____ monthly, maturing ____	-	-
	Total 222	-	-
	Subtotal	1,239,471	1,351,301
223	*Less Current Maturities*	137,403	131,197
	Total Loans - Pupil Transportation	1,102,068	1,220,104
	Total Long Term Debt	$ 1,169,891	$ 1,252,819

Schedule 9A

Baie Verte Central Connaigre School District #5

Summary of Long Term Debt

For The Year Ended June 30, 2002

Description	Ref.#	Rate	Balance Beginning of Period	Loans Obtained During Period	Principal Repayment for Period	Balance End of Period
A) School Construction						
B) Equipment						
C) Service						
Vehicles						
Loan 1		3.90%	$ 25,336	$ -	$ 25,336	$ -
Loan 2		3.90%	17,848	-	5,555	12,293
Loan 3		10.75%	7,017	-	5,961	1,056
Loan 4		1.90%	-	25,654	6,232	19,422
Loan 5		1.90%	-	25,654	6,232	19,422
Loan 6		1.90%	-	28,224	6,856	21,368
Loan 7		3.90%	-	27,193	-	27,193
D) Other						
- Residences						
E) Pupil Transportation						
Loan 1		Prime	174,985	-	18,582	156,403
Loan 2		Prime	250,000	-	25,000	225,000
Loan 3		Prime	625,316	-	62,532	562,784
Loan 4		Prime	301,000	-	25,083	275,917
Loan 5		3.90%	-	25,336	5,969	19,367
Total Loans			$ 1,401,502	$ 132,061	$ 193,338	$ 1,340,225

Baie Verte Central Connaigre School District #5

Schedule of Current Maturities

For The Year Ended June 30, 2002

Description	*Year 1*	*Year 2*	*Year 3*	*Year 4*	*Year 5*
A) School Construction					
B) Equipment					
C) Service					
Vehicles					
Loan 1	$ -	$ -	$ -	$ -	$ -
Loan 2	5,776	6,005	511	-	-
Loan 3	1,056	-	-	-	-
Loan 4	6,352	6,473	6,597	-	-
Loan 5	6,352	6,473	6,597	-	-
Loan 6	6,988	7,122	7,258	-	-
Loan 7	6,407	6,661	6,926	7,200	-
D) Other					
E) Pupil Transportation					
Loan 1	18,582	18,582	18,582	18,582	18,582
Loan 2	25,000	25,000	25,000	25,000	25,000
Loan 3	62,532	62,532	62,532	62,532	62,532
Loan 4	25,083	25,083	25,083	25,083	25,083
Loan 5	6,206	6,452	6,708	-	-
	$ 170,334	$ 170,383	$ 165,794	$ 138,397	$ 131,197

chedule 9C

Baie Verte Central Connaigre School District #5

Schedule of Interest Expense

For The Year Ended June 30, 2002

		2002	2001
56010	Description		
012	Capital		
	School Construction	$ -	$ -
	Equipment	-	-
	Service Vehicles	1,711	2,773
	Other (Specify)	-	-
	Total Capital	1,711	2,773
013	Current - Operating Loans	-	9,896
014	- Supplier interest charges	-	-
	Total Current	-	9,896
	Total Interest Expense	$ 1,711	$ 12,669

Baie Verte Central Connaigre School District #5

Supplementary Information

For The Year Ended June 30, 2002

Cash

		2002	2001
	Current		
11110	Cash on Hand and in Bank		
111	Cash on Hand	$ 25	$ 25
112	Bank - Current	75,816	877,718
113	- Savings	10,642	10,250
114	- Teachers' Payroll	134,851	15,954
115	- Non Teachers' Payroll	(10,655)	89,508
116	- Coupon (Debenture)	-	-
117	- Other (Specify)	-	-
	Capital		
11210	Cash on Hand and in Bank	-	-
211	Cash on Hand	-	-
212	Bank - Current	-	-
213	- Savings	-	-
214	- Other (Specify)	-	-
	Total Cash on Hand and in Bank	$ 210,679	$ 993,455

Short Term Investments

		2002	2001
	Current		
11121	Term Deposits		
122	Canada Savings Bonds		
123	Other (Specify) Bankers Acceptance	$ -	$ -
	Capital		
11221	Term Deposits		
222	Canada Savings Bonds		
223	Other (Specify)	-	-
	Total Short Term Investments	$ -	$ -

Baie Verte Central Connaigre School District #5

Supplementary Information

For The Year Ended June 30, 2002

Prepaid Expenses

		2002	2001
	Current		
11141	*Insurance*	$ 3,963	$ 3,669
142	*Municipal Service Fees*	24,578	25,075
143	*Supplies*	-	-
144	*Other (Specify) - Worker's Compensation*	51,803	56,000
	- Copier leases	-	10,936
	Capital		
11241	*Other (Specify)*	-	-
		$ 80,344	$ 95,680

BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES

FINANCIAL STATEMENTS

MARCH 31, 2003

NKHK
CHARTERED ACCOUNTANTS
Suite 201, 516 Topsail Rd., St. John's, NL A1E 2C5
Tel (709) 364-5600 Fax (709) 368-2146 E-mail info@nkhk.nf.ca

AUDITORS' REPORT

To: The Members of the Board of Commissioners of Public Utilities

We have audited the statement of financial position of the Board of Commissioners of Public Utilities as at March 31, 2003 and the statements of operations, accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

NKHK Chartered Accountants

St. John's, Newfoundland
May 20, 2003

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Financial Position
March 31, 2003

	2003	2002
ASSETS		
Current		
Cash	$ 317,897	$ 395
Accounts receivable	116,903	17,185
Hearing costs recoverable (Note 3)	1,131,673	1,454,268
Prepaid expenses	5,493	20,742
	1,571,966	1,492,590
Designated pension funds (Note 4)	547,750	600,511
	$2,119,716	$2,093,101
LIABILITIES		
Current		
Bank indebtedness (Note 5)	$ -	$ 552,819
Accounts payable and accruals	414,086	67,526
	414,086	620,345
Accrued paid leave	255,571	218,289
Accrued severance pay	144,527	130,697
Pension obligations (Note 4)	362,500	375,500
	1,176,684	1,344,831
ACCUMULATED SURPLUS		
Per statement	943,032	748,270
	$2,119,716	$2,093,101

On Behalf of the Board:

Chairperson and CEO

Vice-Chairperson

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations
Year Ended March 31, 2003

	2003	2002
Revenues		
Assessments	$1,670,609	$1,724,880
Hearings room	8,450	11,100
Interest	16,659	16,082
Pension income (Note 4)	12,684	25,666
	1,708,402	1,777,728
Expenses		
Advertising and transcription	173	564
Consulting fees	111,146	145,404
Loan fee	700	5,000
Office equipment and supplies	82,278	92,568
Pension obligations estimation adjustment (Note 4)	52,445	48,245
Rent and insurance	130,506	131,120
Salaries and associated costs	997,004	930,171
Telecommunications	23,140	25,459
Training and membership	56,143	34,647
Travel	60,105	50,093
	1,513,640	1,463,271
Excess of revenues over expenses	$ 194,762	$ 314,457

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Accumulated Surplus
Year Ended March 31, 2003

	2003			2002
	Internally Restricted (Note 6)	Unrestricted	Total	Total
Balance as at beginning of year	$ 805,850	$ (57,580)	$748,270	$433,813
Excess of revenues over expenses for the year	-	194,762	194,762	314,457
Restricted during the year (Note 6)	251,877	(251,877)	-	-
Balance as at end of year	$1,057,727	$(114,695)	$943,032	$748,270

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Cash Flows
Year Ended March 31, 2003

	2003	2002
Operating activities		
Cash receipts from assessments and other revenues	$ 1,608,684	$ 1,919,654
Cash paid to suppliers and employees	(1,113,719)	(1,481,408)
Cash provided by operating activities	494,965	438,246
Hearing activities - recoverable		
Decrease (increase) in hearing costs recoverable and cash provided by (used in) hearing activities - recoverable	322,595	(1,427,691)
Investing activities		
Decrease in designated pension funds and cash provided by investing activities	52,761	39,779
Increase (decrease) in cash during year	870,321	(949,666)
Cash position as at beginning of year	(552,424)	397,242
Cash position as at end of year	$ 317,897	$ (552,424)
Represented by:		
Cash	$ 317,897	$ 395
Bank indebtedness	-	(552,819)
	$ 317,897	$ (552,424)

1. Authority

The Board of Commissioners of Public Utilities is an independent, quasi-judicial regulatory agency constituted in 1949 by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board regulates the electric utilities in the Province and is responsible for ensuring that the rates charged are reasonable and that the service provided is safe and reliable. Other responsibilities include the regulation of automobile insurance rates; limited regulation of the motor carrier industry as it relates to certain passenger and ambulance operations and to establish compensation for matters referred to the Board pursuant to the *Expropriation Act*. The Board was incorporated on May 12, 2000 pursuant to an amendment to the *Public Utilities Act*.

2. Summary of significant accounting policies

These financial statements have, in all material respects, been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are set out below:

a) Operating revenues and expenses

Operating revenues and expenses are accounted for on the accrual basis.

b) Hearing costs recoverable

Recoverable expenses relating to specific enquiries held by the Board are accrued in hearing costs recoverable accounts until the Board orders payment. The costs and subsequent recoveries for these enquiries are not included in the operating revenues and expenses of the Board.

c) Capital assets

Capital assets are recorded as an expense in the year the asset is acquired. Capital assets are not recorded on the Statement of Financial Position and amortization is not recorded on the Statement of Operations.

A Statement of Tangible Capital Assets is provided for information purposes on Page 10. Amortization used in the statement is calculated on a straight-line basis over the estimated useful life of the asset:

Asset	Basis	Rate
Furniture and equipment	Straight-line	5 Years
Leasehold improvements	Straight-line	5 Years
Computer hardware	Straight-line	3.3 Years
Computer software	Straight-line	1 Year

2. Significant accounting policies (cont'd)

d) Severance pay

Severance pay is accounted for on the accrual basis and is based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Board's management to make estimates and assumptions that affect the amounts reported in the financial statements and the notes related thereto. Actual results may differ from those estimates.

3. Hearing costs recoverable

	2003	2002
Hearing costs recoverable, beginning of year	$1,454,268	$ 26,577
Add – specific enquiry costs incurred during the year:		
Actuarial consultants	123,248	-
Consulting fees	674,459	728,986
Consumer Advocate	468,256	484,496
Salaries and associates costs	128,510	131,816
Transcription and printing	54,200	63,076
Travel and accommodations	31,419	57,088
Advertising and notice	72,552	74,064
Other	17,158	48,216
	1,569,802	1,587,742
	3,024,070	1,614,319
Less – costs recovered during the year	1,892,397	160,051
Hearing costs recoverable, end of year	$1,131,673	$1,454,268

4. Designated pension funds and pension obligations

The Board maintains a defined benefit pension plan for two former commissioners. Designated pension funds have been established and consist of investments maintained in trust with the Royal Trust Corporation of Canada on behalf of these pensioners and are recorded at market value.

4. Designated pension funds and pension obligations (cont'd)

Changes in designated pension funds are as follows:

	2003	2002
Balance, beginning of year	$600,511	$640,290
Add - earnings net of expenses	12,684	25,666
	613,195	665,956
Deduct - benefit payments	65,445	65,445
Balance, end of year	$547,750	$600,511

Pension obligations at March 31, 2003 in the amount of $362,500 (2002 - $375,500) represent the present value of accrued pension benefits as calculated in an actuarial report dated May 12, 2003. A pension obligations estimation adjustment of $52,445 (2002 - $48,245) is included in expenses in the fiscal year.

The Board also makes pension payments to a former Commissioner in the amount of $24,520 per annum. These payments are paid directly by the Board out of operating expenses and are included in salaries and associated costs. In addition, salaries and associated costs include the expenditure of $46,638 (2002 - $40,539) with respect to other Commissioners and employees who are members of the *Public Service Pension Fund Act*, 1991 and entitled to benefits under that Act.

5. Bank indebtedness

The Board has established a $1,000,000 line-of-credit subject to a general security agreement over all accounts and book debts, equipment, tangible capital assets and certain other assets. Any outstanding balance bears interest at the bank prime rate plus 0.5%.

6. Internally restricted surplus

The Board has adopted a formal policy to accumulate and restrict estimated amounts required to meet expected future obligations, together with the amount by which the funds set aside to meet future pension obligations exceed the amount of the pension obligation as calculated by actuarial estimates. The amounts restricted as at March 31, 2003 are as follows:

	2003	2002
Lease commitments	$ 130,140	$130,140
Payroll contingency	45,820	43,460
Pension obligations	185,250	-
Redundancy pay contingency	416,517	352,250
Working capital	280,000	280,000
	$1,057,727	$805,850

7. Income taxes

The Board is a Crown entity of the Province of Newfoundland and as such is not subject to provincial or federal income taxes.

8. Lease commitments

The Board entered into the following leases for the rental of office space:

a) five-year lease agreement in the amount of $10,345 per month ($124,140 per annum) commencing June 1, 1998.

b) two-year lease agreement in the amount of $500 per month ($6,000 per annum) commencing July 1, 2002.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Tangible Capital Assets
March 31, 2003

	Original Cost			Accumulated Amortization			Net Book Value	
	Balance March 31, 2002	Additions	Balance March 31, 2003	Balance March 31, 2002	Additions	Balance March 31, 2003	**Balance March 31, 2003**	Balance March 31, 2002
Furniture and equipment	$179,856	$ 18,124	$197,980	$154,456	$ 27,212	$181,668	**$ 16,312**	$ 25,400
Leasehold improvements	116,545	11,663	128,208	79,481	24,475	103,956	**24,252**	37,064
Computer hardware	126,695	10,294	136,989	113,824	14,431	128,255	**8,734**	12,871
Computer software	10,755	1,641	12,396	10,755	821	11,576	**820**	-
	$433,851	$ 41,722	$475,573	$358,516	$ 66,939	$425,455	**$ 50,118**	$ 75,335

BULL ARM SITE CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Bull Arm Site Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Bull Arm Site Corporation as at 31 March 2003 and the statements of revenues and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
30 May 2003

BULL ARM SITE CORPORATION

BALANCE SHEET

31 MARCH 2003

	2003	2002
ASSETS		
Current		
Cash	$1,378,563	$2,802,846
Investments, at cost (Note 2)	1,672,589	1,607,817
Accounts receivable	115,249	106,870
Due from the Offshore Development Fund (Note 3)	7,661	40,305
Prepaid expense	10,546	2,780
	3,184,608	4,560,618
Investment property (Note 4)	1	1
Capital assets (Note 5)	9,608	5,780
Deposits on services	59,128	57,590
	$3,253,345	$4,623,989
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 95,488	$ 197,745
Deferred revenue (Note 6)	150,000	150,000
	245,488	347,745
Distribution payable to the Province of Newfoundland and Labrador (Note 10)	3,007,853	4,276,240
Shareholders' equity		
Share capital		
Authorized		
100 common shares of no par value		
Issued		
3 common shares	3	3
Equity in investment property	1	1
	4	4
	$3,253,345	$4,623,989

See accompanying notes

Signed on behalf of the Board: ______________________ Chairperson

BULL ARM SITE CORPORATION

STATEMENT OF REVENUES AND EXPENSES

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
REVENUES		
Province of Newfoundland and Labrador-Offshore Development Fund (Note 3)	$ 63,225	$ 73,605
Interest	91,293	175,409
Proceeds from disposal of investment property	-	508,887
Rental revenue	51,443	43,478
	205,961	801,379
EXPENSES		
Advertising	44,792	44,482
Amortization	2,334	1,973
Conferences	10,989	1,200
Grants	35,000	-
Insurance	202,547	1,320
Loss on disposal of capital assets	920	-
Maintenance	301,222	242,220
Membership fees	3,119	3,410
Miscellaneous	2,163	1,238
Professional fees - accounting	22,960	10,623
Professional fees - consulting	-	4,750
Salaries and employee benefits	180,738	93,941
Security	442,410	174,396
Supplies	2,937	2,241
Telephone	5,269	3,513
Travel and entertainment	34,419	27,365
Utilities	171,639	72,034
Vehicle	10,890	9,536
	1,474,348	694,242
Excess of revenues over expenses (expenses over revenues) (Note 10)	$(1,268,387)	$107,137

See accompanying notes

BULL ARM SITE CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	$(1,268,387)	$ 107,137
Adjustment for non-cash items		
Amortization	2,334	1,973
Loss on disposal of capital assets	920	-
	(1,265,133)	109,110
Changes in non-cash working capital		
Accounts receivable	(8,379)	20,646
Due from the Offshore Development Fund	32,644	(25,210)
Prepaid expense	(7,766)	87
Deposits on services	(1,538)	(57,590)
Accounts payable and accrued liabilities	(102,257)	155,933
Deferred revenue	-	150,000
	(1,352,429)	352,976
Cash flows from investing activities		
Purchase of capital assets	(7,082)	-
Net increase (decrease) in cash and cash equivalents	(1,359,511)	352,976
Cash and cash equivalents, beginning of year	4,410,663	4,057,687
Cash and cash equivalents, end of year	$ 3,051,152	$ 4,410,663
Cash and cash equivalents include:		
Cash	$ 1,378,563	$ 2,802,846
Investments	1,672,589	1,607,817
	$ 3,051,152	$ 4,410,663

See accompanying notes

BULL ARM SITE CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

The Bull Arm Site Corporation was incorporated by the Province of Newfoundland and Labrador on 15 September 1995 under the *Corporations Act*. All shares of the Corporation are held by Ministers of the Crown on behalf of the Province. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

An agreement between the Province and the parties involved in the Hibernia project provided for the transfer of assets, known as investment property, at the Bull Arm Site to the Province. Investment property is defined in the agreement to include buildings, fixed equipment, living and recreational facilities, drydock, wharves, vehicles and other assets. In addition, the Corporation may accept investment property from other lessors of the Site upon termination of the lease agreements. The purpose of the Corporation is to receive and administer these assets at the Bull Arm Site. Investment property that is surplus to the future needs of the Corporation is either transferred for nil proceeds to the Province for its use or, if not required by the Province, is disposed of to third parties.

1. Significant accounting policies

These financial statements have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Investment property

Management of the Corporation has determined that it is not practicable to determine the value of the investment property with sufficient reliability and thus investment property is recorded at a nominal value of $1. Any costs associated with obtaining the investment property are expensed as incurred.

(b) Capital assets

Capital assets are capitalized at cost at the time of acquisition. Amortization is calculated using the methods described below based on the expected future life of the asset as follows:

Computer equipment	30% declining balance
Office equipment	20% declining balance

2. Investments

Investments of $1,672,589 (2002-$1,607,817) in guaranteed investment certificates are valued at cost which approximates market value. Maturity dates range from 8 May 2003 to 25 June 2003 with interest rates from 1.35% to 2.51%.

BULL ARM SITE CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

3. Offshore Development Fund

An amount of $750,000 has been approved under the Offshore Development Fund to support a major international campaign to market the future use of the Bull Arm Site. This fund is cost shared 75% by the Government of Canada and 25% by the Provincial Government. During the year, the Corporation recorded revenues of $63,225 (2002-$73,605) which represents claims under the Fund for eligible expenditures incurred to date for this campaign. At year end the Corporation had an amount due from the fund of $7,661 (2002 - $40,305).

4. Investment property

In March 1998, the Corporation accepted all remaining investment property from the Hibernia Management Development Corporation. Also, in November 2001, the Corporation accepted Investment Property relating to the Terra Nova Project which remained on site following the expiration of a site lease with PCL Industrial Contractors Inc.

5. Capital assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	$13,629	$6,138	$7,491	$2,956
Office equipment	4,472	2,355	2,117	2,824
	$18,101	$8,493	$9,608	$5,780

6. Deferred revenue

As part of its surrender of the leased site to the Corporation on 13 November 2001, PCL Industrial Contractors Inc. paid the Corporation $150,000 in lieu of restoring the site to its original condition when the lease commenced. The Corporation has indicated that it plans to perform this site restoration in the future.

7. Related party transactions

The Province of Newfoundland and Labrador has provided office space, office equipment and furnishings, and legal services at no cost to the Corporation. These contributions are not reflected in these financial statements. Salaries and benefits for certain employees of the Corporation are paid directly by the Province of Newfoundland and Labrador and the Province is reimbursed by the Corporation.

8. Financial instruments

The Corporation's financial instruments recognized in the balance sheet consist of cash, investments, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments.

9. Operating lease obligation

Two vehicles have been leased for four-year terms commencing 1 July 1999 and 22 October 2002. Future minimum lease payments over the next four years are as follows:

2004	$7,684
2005	$6,513
2006	$6,513
2007	$3,799

10. Distribution payable to the Province of Newfoundland and Labrador

The Minister of Finance is authorized to invest any surplus from operations. Surpluses from operations are to be paid into the Consolidated Revenue Fund of the Province of Newfoundland and Labrador but there are no set terms of repayment. The change in the distribution payable to the Province of Newfoundland and Labrador for the year is as follows:

	2003	2002
Balance, beginning of year	$ 4,276,240	$ 4,169,103
Excess of revenues over expenses (expenses over revenues)	(1,268,387)	107,137
Balance, end of year	$ 3,007,853	$ 4,276,240

11. Subsequent event

On 9 April 2003, the Corporation entered into an agreement with Camm Holdings Limited and North Eastern Constructors Limited to lease equipment and facilities at the Bull Arm Site for a two year period. The lessee will pay all incremental security, utility and insurance costs incurred by the Corporation. In addition, the lessee will pay the Corporation a rental fee based on a percentage of the total awarded value of any contract undertaken by the lessee which requires use of the site.

12. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Federal or Provincial income taxes.

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Burin Peninsula School Board Financial Statements/ Auditors Report

June 30, 2002

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Auditors' Report

To the Members of the
Burin Peninsula School Board

We have audited the balance sheet of the current and capital funds of the Burin Peninsula School Board as at June 30, 2002 and the related statements of current revenues, expenditures and Board deficiency, and the statement of cash flow in the capital fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2002 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

As required by Section 66 of the Schools Act, we report that bonding insurance is adequate for those employees covered.

Marystown, Newfoundland
September 20, 2002

Grant Thornton LLP
Chartered Accountants

P.O. Box 518
2 Queen Street
Marystown
Newfoundland
A0E 2M0
Tel: (709) 279-2300
Fax: (709) 279-2340

Burin Peninsula School Board
Statement of Current Revenues, Expenditures and Board Deficiency

Year Ended June 30	2002	2001
Board Operations Excluding Regular Student Transportation		
Current Revenues (Schedule 1)		
Provincial Government Grants	$ 23,259,897	$ 22,346,674
Donations	6,935	7,317
Ancillary Services	67,185	195,233
Miscellaneous	305,747	229,421
	23,639,764	22,778,645
Current Expenditures		
Administration (Schedule 2)	927,956	812,982
Instruction (Schedule 3)	19,705,582	19,277,500
Operations and Maintenance (Schedule 4)	2,850,549	2,328,405
Pupil Transportation (Schedule 6)	36,636	31,109
Ancillary Services (Schedule 7)	65,819	237,570
Interest Expenses (Schedule 10C)	88,853	108,211
Miscellaneous Expenses (Schedule 8)	94,452	61,434
	23,769,847	22,857,211
23 111 Excess of Expenditure over Revenue	(130,083)	(78,566)
Transfer (to) from Capital	(4,815)	5,656
Decrease in Board Equity	(134,898)	(72,910)
Decrease in Board Equity - Page 3	(118,813)	(65,396)
Decrease in Board Equity Before Accrual for Teacher's Severance	(253,711)	(138,306)
Accrual for Teacher's Severance	(44,184)	52,070
Net Decrease in Board Equity	$ (297,895)	$ (86,236)

See Accompanying Notes

Burin Peninsula School Board
Statement of Current Revenues, Expenditures and Board Deficiency (Cont'd)

Year Ended June 30		2002		2001
Operation and Maintenance of Board Owned School Fleet (Schedule 5)				
Revenues	$	**2,279,308**	$	2,144,326
Expenditures		**2,398,121**		2,209,722
Excess of Expenditures over Revenues		**(118,813)**		(65,396)
Net Decrease in Equity	$	**(118,813)**	$	(65,396)

See Accompanying Notes

Burin Peninsula School Board
Balance Sheet

June 30	2002			2001
	Current Fund	Capital Fund	Combined	Combined
Assets				
Current Assets				
Cash (Supp. Info. 1)	$ 200	$ 157,700	$ 157,900	$ 16,928
Short Term Investments (Supp. Info. 2)	14,284		14,284	22,834
Accounts Receivable (Note 2)	554,835	10,202	565,037	926,536
Prepaid Expenses (Supp. Info. 3)	266,036		266,036	173,402
Total Current Assets	835,355	167,902	1,003,257	1,139,700
Provincial Government Grants Receivable (Note 8)				
Property and Equipment (Sch. 9)		39,317,804	39,317,804	39,415,334
	$ 835,355	$ 39,485,706	$ 40,321,061	$ 40,555,034
Liabilities and Board Equity				
Current Liabilities				
Bank Indebtedness (Note 3)	$ 270,824		$ 270,824	$ 770,077
Accounts Payable and Accrued (Note 4)	6,267,680	$ 164,513	6,432,193	6,527,820
Current Maturities (Sch. 10B)	406,939	173,943	580,882	540,496
Total Current Liabilities	6,945,443	338,456	7,283,899	7,838,393
Long Term Debt (Schedule 10)	1,123,102	1,576,900	2,700,002	1,153,466
Board Equity				
Investment in Capital Assets (Note 6)		37,570,350	37,570,350	38,558,079
Board Deficiency (Note 5)	(7,233,190)		(7,233,190)	(6,994,904)
Total Board Equity	(7,233,190)	37,570,350	30,337,160	31,563,175
	$ 835,355	$ 39,485,706	$ 40,321,061	$ 40,555,034

Contingent Liabilities (Note 7)

On behalf of the Board

Chairperson Wayne Secretary

See Accompanying Notes

Burin Peninsula School Board
Statement of Cash Flow in the Capital Fund

Year Ended June 30

		2002	2001
70	**Capital Receipts**		
71	**Proceeds from Bank Loans**		
011	- School Construction		
012	- Equipment		
013	- Service Vehicles		
014	- Pupil Transportation	$ 1,020,204	$ 422,505
015	- Other (Specify)	27,514	19,194
		1,047,718	441,699
72	**School Construction Grants**		
011	- School Construction and Equipment		
	- Other		
012	- Repayment of Long Term Debt		
014	- Pupil Transportation		55,369
			55,369
73	**Donations**		
011	- Cash Receipts		
012	- Non-Cash Receipts		
013	- Restricted Use		
74	**Sale of Capital Assets - Proceeds**		
011	- Land		
012	- Buildings		
013	- Equipment		
014	- Service Vehicles		
015	- Pupil Transportation Vehicles		
016	- Other (Specify)		
75	**Other Capital Revenues**		
011	- Interest on Capital Fund Investments		118
	- Computer Grants		
	- Debt Retirement		
012	- Premiums on Debentures		
013	- Recoveries of Expenditures		
014	- Federal Sales Taxes		
015	- Insurance Proceeds		
016	- Native Peoples Grants		
017	- Miscellaneous (Specify)		28,315
			28,433

Burin Peninsula School Board

Statement of Cash Flow in the Capital Fund (Cont'd)

Year Ended June 30		2002	2001
Total Capital Receipts		1,047,718	525,501
77	**Transfer from Reserve Account**		
78	**Transfer to/from Current Fund**	4,815	(5,656)
Total		$ 1,052,533	$ 519,845
80	**Capital Disbursements**		
81	**Additions to Property & Equipment**		
011	- Land and Sites		
012	- Buildings		
013	- Furniture & Equipment - Schools		
014	- Furniture & Equipment - Other		
015	- Service Vehicles	$ 62,599	
016	- Pupil Transportation	832,437	$ 260,565
017	- Other (Specify)		
		895,036	260,565
82	**Principal Repayment of Long Term Debt**		
011	- School Construction		
012	- Equipment		
013	- Service Vehicles		
014	- Other	157,497	259,280
		157,497	259,280
83	**Miscellaneous Disbursements**		
011	- Cost of Issuing Term Deposits		
012	- Repayment of Short Term Loans		
013	- Other – Temporary Loan to Operating		
Total Capital Disbursements		$ 1,052,533	$ 519,845

See Accompanying Notes

1. Summary of significant accounting policies

Fund Accounting

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Boards, to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Newfoundland and Labrador Education Investment Corporation are recorded as capital revenues.

b) Fixed asset additions are recorded at full cost in the capital fund.

c) The Board does not calculate or record depreciation on any of its fixed assets.

Severance Pay

The Board has in effect a severance pay policy whereby non-teaching staff with nine or more years of continuous service are entitled to a severance payment upon leaving employment with the Board. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Severance pay for teachers is accrued based on amounts provided by the Department of Education.

Burin Peninsula School Board
Notes to the Financial Statements

June 30

2. Accounts Receivable

	Current Fund	Capital Fund	2002 Combined	2001 Combined
Current				
11 131 Provincial Government Grants (Note 8)	$ 395,361		$ 395,361	$ 785,739
132 Transportation	33,296		33,296	4,571
133 Federal Government	53,000		53,000	66,585
134 Insurance	14,383		14,383	30,130
136 Other School Boards				
137 Rent				400
138 Interest				
139 Miscellaneous	58,795		58,795	38,111
Capital				
11 231 Provincial Government Grants				
232 Federal Government		$ 6,810	6,810	
233 Local Contributions				
234 Other School Boards				
235 Other (Specify)		3,392	3,392	
	$ 554,835	$ 10,202	$ 565,037	$ 926,536

3. Bank Indebtedness

	Current Fund	Capital Fund	Combined	Combined
21 131 On Operating Credit				$ 730,040
132 On Current Account	$ 220,014		$ 220,014	
On Staff Payroll Account	50,810		50,810	40,037
	$ 270,824		$ 270,824	$ 770,077

4. Accounts Payable and Accrued

		Current Fund	Capital Fund	2002 Combined	2001 Combined
	Current				
21 111	Trade Payable	$ 203,525		$ 203,525	$ 555,843
112	Accrued - Liabilities	57,553		57,553	56,415
113	- Interest				
114	- Wages				
115	Payroll Deductions	32,183		32,183	55,355
116	Retail Sales Tax				3,798
117	Deferred Grants	22,658		22,658	26,715
118	Other (Specify)				
	Severance Pay Accrual	660,548		660,548	607,488
	Sick Leave Accrual				
	Vacation Pay Accrual	119,925		119,925	90,603
	Teacher's Severance	5,143,438		5,143,438	5,099,254
	Scholarship Fund	4,104		4,104	4,919
	Travel	23,746		23,746	27,430
	Capital				
21 211	Trade Payable		$ 164,513	164,513	
212	Accrued - Liabilities				
213	- Interest				
217	Deferred Grants				
218	Other (Specify)				
		$ 6,267,680	$ 164,513	$ 6,432,193	$ 6,527,820

5. Board Deficiency

	2002	2001
Opening Board Deficiency	$ (6,994,904)	$ (7,043,332)
Add: Deficit Recovery	59,609	134,664
	(6,935,295)	(6,908,668)
Net Decrease in Board Equity (Page 2)	(297,895)	(86,236)
Board Deficiency, End of Year	$ (7,233,190)	$ (6,994,904)

		2002	2001
6.	**Investment in Capital Assets, Beginning of Year**	**$ 38,558,079**	$ 38,419,440
	Add:		
	Transfer to (from) Capital Fund	**4,815**	(5,656)
	Grants - Contributions for Capital Construction		
	- Pupil Transportation Grants		55,369
	- Other (Specify) - Debt retirement		
	Principal repayment – Bus Loans	**153,846**	
	Donations (Specify)		
	Proceeds from Sale of Capital Assets - Land		
	- Buildings		
	- Equipment		
	- Vehicles		
	- Other		
	Interest on Capital Fund Investments		118
	Capital Construction Grants - Dree Loans		
	Write-offs		
	Insurance Proceeds - Capital		
	Native Peoples Grants - Capital		
	Miscellaneous – Reduction of long term debt		88,808
		158,661	138,639
	Deduct Adjustments:		
	Cost of assets sold - Land		
	- Buildings		
	- Equipment		
	- Service Vehicles	**18,623**	
	- Pupil Transportation Vehicles	**1,127,767**	
	- Other		
		1,146,390	
	23 221 Investment in Capital Assets, End of Year	**$ 37,570,350**	$ 38,558,079

7. Contingent Liabilities

The Board has a potential liability for accumulated sick leave to its employees in the amount of $1,813,934. This amount has not been included in the financial statements. The amount is calculated based on Board policy and on an interpretation of the agreement with unionized employees. Any payments to employees for sick leave is expensed in the period such payments are incurred.

8. Department of Education Receivables

As at June 30, 2002 the Board accounts receivable includes the following amounts receivable from the Province of Newfoundland and Labrador – Department of Education:

(1)	Amounts due re: Special transportation grants	$	23,463
		$	23,463

As at the date of the audit report, the Newfoundland Provincial Department of Education has not confirmed the above accounts receivable. It is reasonably possible that the amounts received will differ materiality from the amounts recorded in the financial statements, however, the amounts of any possible adjustments to the receivables cannot be reasonably estimated.

(2)	Amounts due re District Restructuring	$	247,096

This amount will be repaid from special incentives funding as follows:

2003	$	119,323
2004		127,773
	$	247,096

Burin Peninsula School Board
Current Revenues
Year Ended June 30

		2002	2001
	Current Revenues		**Schedule 1**
32 010	**Provincial Government Grants**		
011	Regular Operating Grants	$ 3,631,600	$ 3,549,400
016	Special Grants (Details on bottom of Schedule 1)	679,655	358,932
	Salaries and Benefits		
017	- Director and Assistant Directors	285,300	243,946
021	- Regular Teachers	17,429,779	17,008,339
022	- Substitute Teachers	754,235	646,193
023	- Student Assistants	448,335	507,048
030	Pupil Transportation		
031	- Board Owned		
032	- Contracted		
033	- Handicapped	30,993	32,816
		23,259,897	22,346,674
33 010	**Donations**		
012	Cash Receipts	6,935	7,317
013	Non Cash Receipts		
014	Restricted Use		
		6,935	7,317
34 010	**Ancillary Services**		
011	Revenues from Rental of Residence	3,600	5,300
021	Revenues from Rental of Schools and Facilities		
031	Cafeterias	63,585	189,933
032	Other (Specify)		
		67,185	195,233
35 010	**Miscellaneous**		
011	Interest on Investments	9,785	232
021	Recoveries of Expenditures	29,186	2,863
031	Revenues from Other School Boards		
051	Insurance Proceeds		18,634
061	Bilingual Education Revenue	47,926	37,298
081	Miscellaneous Federal Grants	156,333	120,427
091	Textbooks	52,117	36,351
092	Sundry	10,400	13,616
		305,747	229,421
	Total Current Revenues	$ 23,639,764	$ 22,778,645

Burin Peninsula School Board

Current Revenues (Cont'd)

Year Ended June 30	2002	2001
		Schedule 1
Special Grants		
French Monitor		
French Co-ordinator		
French Immersion		
French Materials		
Other		
School Board Election Grant		
Alternate Text		
Textbook Credit Allocation		
Redundancy Pay Reimbursement		
Enterprise Education		
Co-op Education		
Tutoring for Tuition		
Computer Software		
Stellar Schools		
Reimbursement of Court Costs		
Heat and Light Savings		
Education Investment Corporation	$ 211,076	$ 39,370
School Utilities	74,578	185,337
School Closures	381,028	85,637
Severance		48,588
Distance Education		
Enrolment Averaging		
Indoor Air Quality and Maintenance	12,973	
Grass Roots Program		
Voluntary Workforce Reduction Program		
Special Education and TMH		
Early Literacy		
Drama Festival		
	$ 679,655	$ 358,932

Burin Peninsula School Board
Administration Expenditures

Year Ended June 30

Schedule 2

		2002	2001
51	**Salaries and Benefits**		
011	- Director & Assistant Directors	$ 291,333	$ 243,946
012	- Board Office Personnel	340,058	318,082
013	Office supplies	16,059	26,831
014	Replacement Furniture and Equipment	7,104	3,689
015	Postage	10,007	7,914
016	Telephone	13,182	24,328
017	Office Equipment Rentals	6,440	3,943
018	Bank Charges	1,972	495
019	Heat and Electricity	10,602	11,534
022	Insurance	3,058	1,659
023	Repairs and Maintenance		
024	Travel	41,573	46,068
025	Board Meeting Expense	21,522	34,583
044	Bad Debts	93,417	16,862
026	Election Expense	12,793	
027	Professional Fees	16,580	18,517
028	Advertising	10,614	14,010
029	Membership Dues	21,595	21,887
030	Principals' Meetings		
031	Municipal Service Fees		
032	Office Space Rental		
034	Miscellaneous	3,270	13,167
035	Payroll Tax	6,777	5,467
	Total Administration Expenditures	$ 927,956	$ 812,982

Burin Peninsula School Board
Instruction Expenditures

Year Ended June 30

Schedule 3

		2002	2001
52 010	**Instructional Salaries (Gross)**		
011	Teachers' Salaries - Regular	$ 17,429,729	$ 17,013,505
012	- Substitute	723,887	651,187
013	- Board Paid	45,255	15,343
015	Employee Benefits		
016	School Secretaries - Salaries & Benefits	345,419	356,184
017	Payroll Tax	6,784	6,118
018	Other - HRD Programs		
019	Student Assistants – Salaries & Benefits	468,870	498,463
		19,019,944	18,540,800
52 040	**Instructional Materials**		
041	General Supplies	39,416	50,081
042	Library Resource Materials	33,148	31,344
043	Teaching Aids	151,246	135,755
044	Textbooks	53,432	36,351
045	Photocopy Expense	49,325	60,250
047	Special Education Materials	13,982	12,622
049	Program Support		
		340,549	326,403
52 060	**Instructional Furniture and Equipment**		
061	Repairs/Replacement	33,026	88,560
062	Rentals/Leases	45,989	41,666
		79,015	130,226
52 080	**Instructional Staff Travel**		
081	Program Coordinators	52,319	54,031
082	Teachers' Travel	11,554	7,713
083	Inservice and Conferences	50,759	54,010
		114,632	115,754
52 090	**Other Instructional Costs**		
091	Postage and Stationary	8,288	4,780
092	Miscellaneous	143,154	159,537
		151,442	164,317
	Total Instruction Expenditures	$ 19,705,582	$ 19,277,500

Burin Peninsula School Board

Operations and Maintenance Expenditures – Schools

Year Ended June 30

Schedule 4

		2002	2001
53 011	Salaries & Benefits	$ **1,011,057**	$ 930,904
013	Payroll Tax	**20,231**	15,689
014	Electricity	**611,888**	656,478
015	Fuel	**31,091**	40,633
016	Municipal Fees	**46,817**	39,680
017	Telephone	**105,031**	100,190
018	Board Vehicle	**21,615**	15,018
019	Janitorial Supplies	**62,167**	62,306
021	Janitorial Equipment		
022	Repairs - Buildings	**195,170**	261,650
023	Repairs - Equipment		
024	Repairs - Contract	**27,043**	23,670
025	Snow Clearing	**109,588**	88,349
026	Repairs - Other	**232,427**	61,587
027	School Closures	**368,174**	23,501
096	Rental of School Space	**8,250**	8,750
028	Indoor Air Quality		
	Total Operations and Maintenance	$ **2,850,549**	$ 2,328,405

Burin Peninsula School Board
Operation and Maintenance of Board Owned Fleet

Year Ended June 30

Schedule 5

		2002	2001
54 010	**Operation and Maintenance of Board Owned Fleet - Expenditures**		
011	Salaries and Wages - Administration	$ 70,788	$ 76,187
012	Salaries and Wages - Drivers and Mechanics	1,208,941	1,097,820
013	Employee Benefits	179,720	159,520
014	Debt Repayment - Interest	74,746	76,612
015	Transfer to Capital	153,846	88,808
016	Bank Charges		
017	Gas, Diesel and Oil	258,885	265,803
018	Licenses	27,741	31,502
019	Insurance	17,077	15,341
021	Repairs and Maintenance - Fleet	234,938	228,041
022	Repairs and Maintenance - Building	35,361	29,012
023	Tires and Tubes	27,391	40,022
024	Heat and Light	6,989	7,459
025	Municipal Fees	562	1,095
026	Snowclearing	5,905	3,075
027	Office Supplies and Equipment	29,069	16,501
028	Rent		
029	Travel	3,263	6,320
031	Professional Fees	2,500	2,500
032	Miscellaneous	12,004	20,820
033	Telephone	22,986	20,044
034	Payroll Tax	25,409	23,240
		$ 2,398,121	$ 2,209,722

Operation and Maintenance of Board Owned Fleet - Revenues

		2002	2001
32 031	Province of Newfoundland Grants	$ 2,202,800	$ 2,075,200
35 012	Extra Runs and Fees	47,970	42,883
	Other	28,538	26,243
		$ 2,279,308	$ 2,144,326

Burin Peninsula School Board
Pupil Transportation Expenditures

Year Ended June 30

Schedule 6

		2002	2001
54 010	**Contracted Services**		
041	Regular Transportation		
042	Handicapped	$ 36,636	$ 31,109
		$ 36,636	$ 31,109

Burin Peninsula School Board
Ancillary Services and Miscellaneous Expenses

Year Ended June 30, 2002

Schedule 7

Ancillary Services

The Board owns and operates the following ancillary services:

Cafeterias at Pearce High School, Donald C. Jamieson Academy, Lake Academy and John Burke High School.

Residences at Rushoon and South East Bight.

55	**Ancillary Services**	**2002**	2001
011	Operation of Teacher's Residences	$ 2,254	
031	Cafeterias	63,565	$ 237,570
032	Other (Specify)		
		$ 65,819	$ 237,570

Schedule 8

Miscellaneous Expenses

	The Board has incurred the following miscellaneous expenses.	**2002**	2001
57	Special Incentive Program		$ 10,000
012	Provision for Severance Pay	$ 94,452	51,434
		$ 94,452	$ 61,434

Burin Peninsula School Board
Details of Property and Equipment

Year Ended June 30, 2002

Schedule 9

		Balance, beginning of year	Additions	Disposals	Balance, end of year
12 210	Land and Sites				
211	Land and Sites	$ 199,550			$ 199,550
12 220	Buildings				
221	Schools	29,428,017			29,428,017
222	Administration	427,284			427,284
223	Residential	86,408			86,408
224	Recreational				
225	Other	152,886			152,886
		30,094,595			30,094,595
12 230	Furniture and Equipment				
231	Schools	4,024,598			4,024,598
232	Administration	312,301			312,301
233	Residential	850			850
234	Recreation				
235	Other	18,623	27,648	18,623	27,648
		4,356,372	27,648	18,623	4,365,397
12 250	Pupil Transportation				
251	Land				
252	Building	213,356			213,356
253	Vehicles - Buses	3,638,834	986,261	1,127,767	3,497,328
254	- Service		34,951		34,951
255	Equipment				
256	Other (Specify)				
		3,852,190	1,021,212	1,127,767	3,745,635
12 260	Misc. Capital Assets				
261	Computers	894,464			894,464
	Tools	18,163			18,163
		912,627			912,627
	Total Property and Equipment	$ 39,415,334	$ 1,048,860	$ 1,146,390	$ 39,317,804

Burin Peninsula School Board
Details of Property and Equipment (Cont'd)
Year Ended June 30, 2002

Schedule 9

Land, buildings and equipment have been recorded in the accounts at the amount recorded in the predecessor school boards accounts as at January 1, 1997. Additions since that date have been recorded at cost. Lands and sites on which some of the buildings are erected are vested in the former school boards or denominational education councils or churches. All real and personal property used for the purpose of education by the Burin Peninsula School District will be subject to the terms and conditions contained in Section 95 of the 1999 Schools Act.

As of the date of the Auditor's report the values of all of the school buildings and equipment used by the Burin Peninsula School District have not been obtained from the Department of Education or the former school boards.

Burin Peninsula School Board
Details of Long Term Debt

Year Ended June 30, 2002

Schedule 10

Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador.

22 210		Loans Other than Pupil Transportation		2002
	Ref #			
211	**Bank Loans**			
		Repayable $31,333 monthly, maturing 2003	$	144,568
		Repayable $ 9,389 monthly, maturing 2004		225,333
		Repayable $ monthly, maturing		
		Repayable $12,475 monthly, maturing 2010		1,160,140
		Repayable $ 459 monthly, maturing 2006		23,840
		Total 211		1,553,881
212	**Mortgages**			
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Total 212		
213	**Debentures**			
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Total 213		
214		Province of Newfoundland		
		Subtotal		1,553,881
215		Less: Current Maturities		412,447
		Total Loans Other Than Pupil Transportation	$	1,141,434

Burin Peninsula School Board
Details of Long Term Debt (Cont'd)

Year Ended June 30, 2002

Schedule 10

Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador.

				2001
22	210	Loans Other than Pupil Transportation		
		Ref #		
	211	**Bank Loans**		
		________ Repayable $ 31,333 monthly, maturing 2003	$	495,315
		________ Repayable $ 9,389 monthly, maturing 2004		338,000
		________ Repayable $______ monthly, maturing ______		
		________ Repayable $______ monthly, maturing ______		
		________ Repayable $______ monthly, maturing ______		
		Total 211		833,315
	212	**Mortgages**		
		________ Repayable $______ monthly, maturing ______		
		________ Repayable $______ monthly, maturing ______		
		________ Repayable $______ monthly, maturing ______		
		________ Repayable $______ monthly, maturing ______		
		________ Repayable $______ monthly, maturing ______		
		Total 212		
	213	**Debentures**		
		________ Repayable $______ monthly, maturing ______		
		________ Repayable $______ monthly, maturing ______		
		Total 213		
	214	Province of Newfoundland		
		Subtotal		833,315
	215	Less: Current Maturities		461,092
		Total Loans Other Than Pupil Transportation	$	372,223

Burin Peninsula School Board
Details of Long Term Debt (Cont'd)

Year Ended June 30, 2002

Schedule 10

			2002
22 220	Loans - Pupil Transportation		
	Ref #		
221	**Vehicle Bank Loans**		
	______	Repayable $ 430 monthly, maturing 2011	$ 46,406
	______	Repayable $ 4,169 monthly, maturing 2012	496,085
	______	Repayable $ 2,019 monthly, maturing 2011	232,133
	______	Repayable $______ monthly, maturing ______	
	______	Repayable $ 5,744 monthly, maturing 2013	764,504
	______	Repayable $______ monthly, maturing ______	
	______	Repayable $ 580 monthly, maturing 2007	30,175
	______	Repayable $______ monthly, maturing ______	
	______	Repayable $______ monthly, maturing ______	
	______	Repayable $______ monthly, maturing ______	
	______	Repayable $ 1,095 monthly, maturing 2014	157,700
	______	Repayable $______ monthly, maturing ______	
	______	Repayable $______ monthly, maturing ______	
		Total 221	1,727,003
222	**Land, Buildings and Equipment Bank Loans**		
	______	Repayable $______ monthly, maturing ______	
	______	Repayable $______ monthly, maturing ______	
	______	Repayable $______ monthly, maturing ______	
	______	Repayable $______ monthly, maturing ______	
	______	Repayable $______ monthly, maturing ______	
		Total 222	
		Subtotal	1,727,003
223		Less: Current Maturities	168,435
		Total Loans - Pupil Transportation	$ 1,558,568
	Total Long Term Debt		$ 2,700,002

Burin Peninsula School Board
Details of Long Term Debt (Cont'd)
Year Ended June 30, 2002

Schedule 10

				2001
22 220		Loans - Pupil Transportation		
		Ref #		
221		**Vehicle Bank Loans**		
	_______	Repayable $ 430 monthly, maturing 2011	$	51,992
	_______	Repayable $ 4,169 monthly, maturing 2012		550,279
	_______	Repayable $ 2,019 monthly, maturing 2011		258,376
	_______	Repayable $_______ monthly, maturing _______		
	_______	Repayable $_______ monthly, maturing _______		
	_______	Repayable $_______ monthly, maturing _______		
	_______	Repayable $_______ monthly, maturing _______		
	_______	Repayable $_______ monthly, maturing _______		
	_______	Repayable $_______ monthly, maturing _______		
	_______	Repayable $_______ monthly, maturing _______		
	_______	Repayable $_______ monthly, maturing _______		
	_______	Repayable $_______ monthly, maturing _______		
	_______	Repayable $_______ monthly, maturing _______		
		Total 221		860,647
222		**Land, Buildings and Equipment Bank Loans**		
	_______	Repayable $_______ monthly, maturing _______		
	_______	Repayable $_______ monthly, maturing _______		
	_______	Repayable $_______ monthly, maturing _______		
	_______	Repayable $_______ monthly, maturing _______		
	_______	Repayable $_______ monthly, maturing _______		
		Total 222		
		Subtotal		860,647
223		Less: Current Maturities		79,404
		Total Loans - Pupil Transportation	$	781,243
		Total Long Term Debt	$	1,153,466

Burin Peninsula School Board
Summary of Long Term Debt

Year Ended June 30, 2002

Schedule 10A

Description	Ref. #	Rate	Balance, Beginning of Year	Loans Obtained During Year	Principal Repayments for Year	Balance, End of Year
A) School Construction						
B) Equipment						
C) Service Vehicles		Prime		$ 27,514	$ 3,674	$ 23,840
D) Other - Past Service Pension Contributions						
District Restructuring		8.0%	$ 495,316		350,748	144,568
District Restructuring		Prime	338,000		112,667	225,333
Debt Restructuring		Prime		1,197,559	37,419	1,160,140
E) Pupil Transportation		Prime	51,992		5,586	46,406
Pupil Transportation		Prime		827,687	63,183	764,504
Pupil Transportation		Prime	550,279		54,194	496,085
Pupil Transportation		Prime	258,375		26,242	232,133
Pupil Transportation				34,817	4,642	30,175
Pupil Transportation				157,700		157,700
Total Loans			$ 1,693,962	$ 2,245,277	$ 658,355	$ 3,280,884

Burin Peninsula School Board
Current Maturities

Year Ended June 30, 2002

Schedule 10B

Description		Year 1		Year 2
A) School Construction				
B) Equipment				
C) Service Vehicles	$	5,508	$	5,508
D) Other -				
District Restructuring		144,575		
District Restructuring		112,667		112,666
District Restructuring		149,695		149,695
E) Pupil Transportation		168,437		168,437
Total	$	580,882	$	436,306

Burin Peninsula School Board
Interest Expenses

Schedule 10C

56 010

Year Ended June 30			2002	2001
	Description			
012	**Capital**			
	School Construction			
	Equipment			
	Service Vehicles			
	Other – District Restructuring		$ 53,209	$ 47,477
	Total Capital		53,209	47,477
013	**Current**	- Operating Loans	26,178	54,498
		- Supplier Interest Charges	9,466	6,236
	Total Current		35,644	60,734
	Total Interest Expense		$ 88,853	$ 108,211

Burin Peninsula School Board
Supplementary Information

Year Ended June 30

1. Cash

		2002			2001
		Current	Capital	Combined	Combined
	Current				
11 110	Cash on Hand and in Bank				
111	Cash on Hand	$ 200		$ 200	$ 200
112	Bank - Current				
113	- Savings				
114	- Teachers' Payroll				819
115	- Non Teachers' Payroll				
116	- Coupon (Debenture)				
117	- Other (Cafeterias)				15,909
	Capital				
11 210	Cash on Hand and in Bank				
211	Cash on Hand				
212	Bank - Current		157,700	157,700	
213	- Savings				
214	- Other (Specify)				
	Total Cash on Hand & in Bank	$ 200	$ 157,700	$ 157,900	$ 16,928

2. Short Term Investments

		2002			2001
		Current	Capital	Combined	Combined
	Current				
11 121	Term Deposits	$ 14,284		$ 14,284	$ 22,834
122	Canada Savings Bonds				
123	Other (Specify)				
	Capital				
11 221	Term Deposits				
222	Canada Savings Bonds				
223	Other (Specify)				
	Total Short Term Investments	$ 14,284		$ 14,284	$ 22,834

Burin Peninsula School Board
Supplementary Information

Year Ended June 30			2002			2001
		Current	Capital	Combined		Combined
3.	Prepaid Expenses					
	Current					
11 141	Insurance	$ 3,057		$ 3,057		$ 3,948
142	Municipal Service Fees	17,182		17,182		15,855
143	Supplies	177,555		177,555		88,414
144	Other	68,242		68,242		65,185
	Capital					
11 241	Other (Specify)					
		$ 266,036		$ 266,036		$ 173,402

DEPARTMENT OF INDUSTRY, TRADE AND RURAL DEVELOPMENT

BUSINESS INVESTMENT CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Deputy Minister
Department of Industry, Trade
and Rural Development
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Business Investment Corporation as at 31 March 2003 and the statements of equity, revenues and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
20 June 2003

DEPARTMENT OF INDUSTRY, TRADE AND RURAL DEVELOPMENT

BUSINESS INVESTMENT CORPORATION

BALANCE SHEET

31 MARCH 2003

	2003	2002 (Note 2)
ASSETS		
Cash	$ 1,415,717	$ 1,361,286
Loans and equity investments (Note 3)	12,696,762	12,710,535
Operating grant receivable (Note 4)	1,008,295	200,000
Insurance premium receivable	20,783	20,783
	$15,141,557	$14,292,604
LIABILITIES AND EQUITY		
Accounts payable	$ -	$ 7,692
Borrower's deposits	68,517	142,590
Due to the Province	-	88,088
	68,517	238,370
Equity	15,073,040	14,054,234
	$15,141,557	$14,292,604

See accompanying notes

Signed on behalf of the Board: ______________________ **Deputy Minister** ______________________ **Director of Portfolio Management**

DEPARTMENT OF INDUSTRY, TRADE AND RURAL DEVELOPMENT

BUSINESS INVESTMENT CORPORATION

STATEMENT OF EQUITY

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002 (Note 2)
Contributed capital (Note 8)		
Balance, beginning of year	$ 82,367,350	$ 91,986,003
Capital contributions from the Government of Canada	122,187	87,128
Aquaculture Working Capital Fund reserve	8,295	-
Capital contributions from the Province	3,621,500	2,621,500
Principal paid to the Province	(5,065,225)	(4,529,361)
Contributions disbursed as grants	(440,734)	(632,316)
Accounts receivable written off	-	(15,920)
Principal written off, net of recoveries (Note 3)	(4,475,812)	(7,149,684)
Balance, end of year	76,137,561	82,367,350
Deficit		
Balance, beginning of year	(68,313,116)	(79,104,419)
Investment income paid to the Province	(1,546,663)	(2,214,023)
Excess of revenues over expenses	4,319,446	5,855,642
Principal written off, net of recoveries (Note 3)	4,475,812	7,149,684
Balance, end of year	(61,064,521)	(68,313,116)
Equity, end of year	$ 15,073,040	$ 14,054,234

See accompanying notes

DEPARTMENT OF INDUSTRY, TRADE AND RURAL DEVELOPMENT

BUSINESS INVESTMENT CORPORATION

STATEMENT OF REVENUES AND EXPENSES

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002 (Note 2)
REVENUES		
Interest on loans	$ 1,533,163	$ 1,433,724
Investment income	40,441	36,500
Dividend income	8,895	40,755
Miscellaneous income	24,832	137,080
Recovery in value of loans receivable and equity investments (Note 3)	2,712,395	4,120,870
Recovery on loan guarantees	-	87,037
	4,319,726	5,855,966
EXPENSES		
Miscellaneous expense	280	324
Excess of revenues over expenses	$ 4,319,446	$ 5,855,642

See accompanying notes

DEPARTMENT OF INDUSTRY, TRADE AND RURAL DEVELOPMENT

BUSINESS INVESTMENT CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002 (Note 2)
Cash flows from operating activities		
Excess of revenues over expenses	$ 4,319,446	$ 5,855,642
Adjustments for non-cash items		
Recovery in value of loans receivable and equity investments	(2,712,395)	(4,120,870)
Recovery on loan guarantees	-	(87,037)
	1,607,051	1,647,735
Changes in non-cash working capital		
Accounts receivable	-	54,116
Operating grant receivable	(808,295)	(87,128)
Accounts payable	(7,692)	58,419
Due to the Province	(88,088)	88,088
Non-refundable deposits	-	(33,016)
Borrower's deposits	(74,073)	-
	628,903	1,728,214
Cash flows from investing activities		
Increase in loans and equity investments	(4,036,871)	(3,788,114)
Collection of loans and equity investments	6,763,039	6,755,644
Provincial bounty on loans advances	-	(95,064)
Life insurance payments	-	(2,045)
	2,726,168	2,870,421
Cash flows from financing activities		
Capital contributions from the Government of Canada	122,187	87,128
Aquaculture Working Capital Fund reserve	8,295	-
Capital contributions from the Province	3,621,500	2,621,500
Principal paid to the Province	(5,065,225)	(4,529,361)
Contributions disbursed as grants	(440,734)	(632,316)
Investment income paid to the Province	(1,546,663)	(2,214,023)
Payments under interest subsidy	-	456,851
Funding for interest subsidy from Province	-	(134,187)
	(3,300,640)	(4,344,408)
Net increase in cash	54,431	254,227
Cash, beginning of year	1,361,286	1,107,059
Cash, end of year	$ 1,415,717	$ 1,361,286

See accompanying notes

DEPARTMENT OF INDUSTRY, TRADE AND RURAL DEVELOPMENT

BUSINESS INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

The Business Investment Corporation (the Corporation) was established under the authority of the *Business Investment Corporation Act*. The Corporation is funded by the Province of Newfoundland and Labrador (the Province) and is responsible for making available and managing investments in small to medium sized private businesses, co-operatives, community development corporations and other enterprises for the purpose of creating employment opportunities for the people of the Province. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

Effective 1 April 2002, the *Business Investment Corporation Act* came into force. Under this *Act*, the Business Investment Corporation was incorporated and became the successor to Enterprise Newfoundland and Labrador Corporation, the Fisheries Loan Board and the Farm Development Loan Board. Also under this *Act*, the *Fisheries Loan Act*, the *Farm Development Loan Act*, the *Economic Recovery Commission Act* and the *Enterprise Newfoundland and Labrador Corporation Act* were repealed.

1. Significant accounting policies

These financial statements have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Loans receivable

The Corporation records loans receivable at cost. When loans are identified as impaired, the Corporation records an allowance to reduce their carrying values to their estimated realizable amounts. Estimated realizable amounts are measured at discounted cash flows when the cash flows can be estimated with reasonable reliability, or alternatively, at the estimated net realizable value of the underlying security.

(b) Equity investments

The Corporation records equity investments at cost. In certain circumstances, the Corporation may have acquired the right to appoint representatives to an equity investee's board of directors or it may have a significant influence on the strategic operating, investing and financing policies of the investee. However, because of the nature of the Corporation's investment process and the manner in which these positions were acquired, such control or significant influence may not in fact be exercised or the Corporation may not intend to maintain such positions. Accordingly the Corporation's equity investments for all companies in which the Corporation holds voting rights are accounted for on the cost basis.

Provision is made by the Corporation for any decline in the value of investee companies which is considered to be other than temporary.

1. Significant accounting policies (cont.)

(c) Revenue recognition

Interest income is accounted for on the accrual basis for all loans other than the impaired portion of loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of a portion of principal or interest, or when payment is contractually past due 90 days. The impaired portion of loans may revert to accrual status only when principal and interest payments have become fully current again, at which time any interest will be recognized in that fiscal year.

Dividends are recorded as income when received.

2. Comparative figures

On 1 April 2002, the *Business Investment Corporation Act* came into force. This *Act* established the Business Investment Corporation (the Corporation) as an amalgamation of Enterprise Newfoundland and Labrador Corporation, the Fisheries Loan Board and the Farm Development Loan Board. Title to all the property and assets of these former entities is now vested in the Corporation, and the Corporation is charged with and assumes all the obligations and liabilities of these former entities.

The 2002 comparative figures reflect the combined financial position and results of operations for the three entities.

3. Loans and equity investments

The determination of whether a loan is impaired and the appropriate carrying value of equity investments, involves significant judgement. The estimation of an appropriate allowance for decline in value of loans receivable and equity investments necessarily involves the use of estimates. These financial statements represent management's best estimates based on available information.

3. Loans and equity investments (cont.)

Loans and equity investments consist of the following:

	2003	2002 (Note 2)
Loans receivable		
Principal due and unpaid	$ 28,222,145	$ 31,620,830
Principal not yet due	25,765,104	30,278,982
Interest due and unpaid	5,744,520	6,503,551
	59,731,769	68,403,363
Less allowance for decline in value	(48,060,751)	(56,151,713)
	11,671,018	12,251,650
Equity investments		
Equity investments, at cost	23,087,698	22,028,837
Less allowance for decline in value	(22,061,954)	(21,569,952)
	1,025,744	458,885
Loans and equity investments	$ 12,696,762	$ 12,710,535

The allowance for the decline in value of loans receivable and equity investments consists of the following:

	2003	2002 (Note 2)
Balance, beginning of year	$ 77,721,665	$ 90,327,299
Principal written off, net of recoveries	(4,475,812)	(7,149,684)
Interest written off, net of recoveries	(410,753)	(1,548,043)
Loan guarantee adjustment	-	212,963
Recovery in value of loans receivable and equity investments	(2,712,395)	(4,120,870)
Balance, end of year	$ 70,122,705	$ 77,721,665

The allowance for impaired loans represents the Corporation's best estimate of future probable losses with respect to the loans receivable and equity investments. The Corporation recognizes that future economic and industry conditions are not predictable and therefore, their impact on the future cash flows anticipated is uncertain. Consequently, adjustments to the allowance are possible depending on the impact of these future events and management's best estimate of them.

DEPARTMENT OF INDUSTRY, TRADE AND RURAL DEVELOPMENT

BUSINESS INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

4. Operating grant receivable

As at 31 March 2003, the Corporation was due $1,008,295 (2002 - $200,000) for operating grants. In March 2003, Cabinet approved the allocation of an additional $1.0 million to the Corporation for the year ended 31 March 2003. These funds were to be held by the Corporation for a 2003-04 investment in a company in Gander.

5. Related party transactions

Throughout the year the Corporation was administered as a division of the Department of Industry, Trade and Rural Development. Expenses related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements to reflect those expenditures.

6. Contingent liabilities

(a) A client of the Corporation has taken legal action as a result of certain alleged technical problems that the client claims to have experienced with a vessel that was financed through the Fisheries Loan Board Program. The amount of this potential claim is in the $900,000 to $1,100,000 range. In a matter related to this legal action, another party has been awarded a claim of $1,800,000. The Province will not appeal this decision.

(b) A client of the Corporation has filed a Notice of Intended Action against Her Majesty the Queen in right of Newfoundland and Labrador and the Corporation because of an alleged breach of a bounty agreement. The client will be seeking an estimated $143,700 plus interest. The Statement of Claim issued in relation to this matter was acknowledged by both parties to be defective due to non-compliance with the *Proceedings Against the Crown Act*. There has been no further activity in relation to this claim since the summer of 1991.

(c) Two clients of the Corporation have filed counter claims against the Corporation's legal action to collect the clients' deficiency loan balances. The clients are claiming that the Corporation repossessed and sold their vessels for an amount less than the fair market value. In addition, the clients are claiming that the total proceeds from the sale of their vessels was not credited towards their outstanding balance. The amount of both claims is estimated at $50,000. In the opinion of the Corporation there is a good defence to these counter claims.

(d) There are three counter claims against the Corporation in relation to actions commenced by the Corporation to collect the deficiency balances owing on vessels that have been repossessed and sold. The total of these three counter claims is not expected to exceed $39,000. In the opinion of the Corporation there is a good defence to these counter claims.

6. Contingent liabilities (cont.)

(e) A client of the Corporation has taken legal action claiming that the marine inspectors of the Corporation were negligent in performing their survey of the client's vessel at the time financing was being considered. The plaintiffs are claiming general damages.

(f) Two clients of the Corporation have taken legal action claiming that the Corporation repossessed and sold their vessel without following proper legal procedure. The claimants are seeking a declaration that they are free from liability under the original Ship's Mortgage and other relief as could be granted by the court. The deficiency balance of the mortgage is approximately $80,000 plus interest. In the opinion of the Corporation there is a good defence to this action.

(g) There is a third party claim against Her Majesty the Queen in Right of Newfoundland and Labrador and the Corporation by the defendants in an action by a bank to collect the deficiency balance on a loan to the defendants. The defendants are seeking indemnification and contribution for approximately $400,000 plus interest. A defence will be filed in this action.

(h) A statement of claim has been served on the Corporation by a company claiming a breach of contract. The company is claiming special damages of $811,040, other general and unspecified damages, interest and costs associated with the action. The likelihood of loss as a result of this claim is not determinable.

7. Commitments

The Corporation has outstanding commitments in respect of approved but not yet disbursed loans, equity investments and/or grants in the amount of $1,190,284 (2002- $1,220,906). Funding sources for these commitments are cash on hand and operating grant receivable. In addition to these loan commitments the Corporation has outstanding loan guarantees of $250,000 (2002 - $300,000).

8. Contributed capital

The Corporation receives capital contributions from the Province and the Government of Canada for the purpose of making loans, equity investments and providing business market development grants. The Corporation depends on these capital contributions to carry out its mandate.

Contributed capital is reduced by the principal portion of loans collected and paid to the Province, the principal portion of loans written off, and by contributions which the Corporation disburses as grants under its Business and Market Development Program.

9. Forgivable investments

As part of the Strategic Enterprise Development Fund, the former Enterprise Newfoundland and Labrador Corporation disbursed funds to a company in the form of a forgivable loan. The Corporation recorded this expenditure as a grant at the time the disbursement was made. The amount paid to the company is to be forgiven based on the number of hours of employment provided by the company during the year. As at 31 March 2003, the amount outstanding and unearned by the company in connection with this forgivable loan was $91,828 (2002 - $237,283).

10. Groundfish moratoria

On 24 April 2003, the Government of Canada announced the closure of the Northern Cod and northern and southern Gulf of St. Lawrence cod fisheries to both commercial and recreational fishing. This action will have significant impact for those who depend on these fisheries and consequently on the ability of the Corporation to recover amounts owing by fishers.

11. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

12. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

13. Financial instruments

The Corporation's financial instruments recognized in the balance sheet consist of cash, loans and equity investments, operating grant receivable, insurance premium receivable, accounts payable, borrower's deposits and due to the Province. The carrying values of cash, operating grant receivable, insurance premium receivable, accounts payable, borrower's deposits and due to the Province approximate fair value due to the short-term maturity or current market rate associated with these instruments.

The Corporation's loans and equity investments are recognized on the balance sheet at cost with provision being made for any decline in their value. Any estimated impairment of these loans and equity investments has been provided for through an allowance for decline in value and no further credit risk exists for these items. The carrying value of loans and equity investments approximates discounted value of expected receipts. Therefore, their carrying values approximate their fair value and these instruments are not subject to any material interest rate risk.

C.A. PIPPY PARK COMMISSION

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Commissioners
C.A. Pippy Park Commission
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the C.A. Pippy Park Commission as at 31 March 2003 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
10 June 2003

C.A. PIPPY PARK COMMISSION

BALANCE SHEET

31 MARCH 2003

	2003	2002
ASSETS		
Current		
Cash	$ 303,047	$ 429,195
Accounts receivable (Note 2)	57,897	51,704
Merchandise inventory - at the lower of cost and net realizable value	13,598	12,970
Prepaid expenses	34,634	56,751
Prepaid supplies	9,785	4,935
	418,961	555,555
Capital assets (Note 3)	86,278	76,240
	$ 505,239	$ 631,795
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 85,801	$ 56,192
Deferred revenue	17,505	13,741
Obligation under capital lease - current portion (Note 4)	15,767	15,767
	119,073	85,700
Advance from Province of Newfoundland and Labrador (Note 5)	250,000	250,000
Obligation under capital lease (Note 4)	5,231	18,631
Accrued severance pay	114,329	122,612
	488,633	476,943
Equity		
Unexpended capital funds (Note 6)	181,905	199,203
Deficit	(165,299)	(44,351)
	16,606	154,852
	$ 505,239	$ 631,795

Contingent liabilities (Note 12)

See accompanying notes

Signed on behalf of the Board:

Chairperson

Member

C.A. PIPPY PARK COMMISSION

STATEMENT OF REVENUES, EXPENSES AND DEFICIT

FOR THE YEAR ENDED 31 MARCH 2003

	2003		2002
	Actual	Budget	Actual
REVENUES			
Province of Newfoundland and Labrador (Note 7)			
Special projects	$ 2,520	$ 4,000	$ 9,600
Grant - severance	-	-	48,725
Operating grant	400,000	400,000	-
	402,520	404,000	58,325
Golf course management fee (Note 8)	250,000	-	-
Trailer park	241,112	204,000	207,483
Services	171,479	170,000	128,541
Rental	131,240	110,000	118,082
Income from other revenue producing activities (Note 9)	94,573	120,000	137,944
Property sales	77,696	650,000	781,087
Professional fees	51,441	22,000	20,000
Permit fees	18,094	-	-
Interest	5,284	5,000	9,642
Miscellaneous	1,386	1,000	6,125
	1,444,825	1,686,000	1,467,229
EXPENSES			
Advertising and promotion	15,709	15,500	13,643
Amortization	17,849	-	20,036
Bad debts	250,366	3,000	2,644
Building maintenance	82,024	93,000	66,938
Donation	2,050	1,000	200
Equipment maintenance	45,244	70,000	38,931
Heat, light and telephone	78,996	90,000	56,699
Honoraria	7,165	10,000	6,090
Insurance	81,801	95,000	54,465
Interest on capital lease obligation	2,367	3,000	3,437
Miscellaneous	20,554	26,600	16,953
Office	6,188	9,000	5,521
Professional fees	28,831	45,000	16,943
Real estate commissions	4,478	25,000	37,309
Salaries and employee benefits	890,528	900,000	870,763
Special projects - Travel Trailer Park	-	200,000	-
Supplies	29,412	87,000	28,332
Travel	2,211	4,000	1,336
	1,565,773	1,677,100	1,240,240
Excess of revenues over expenses (expenses over revenues)	(120,948)	8,900	226,989
Deficit, beginning of year	(44,351)	(44,351)	(171,340)
Surplus (Deficit), end of year before transfer	(165,299)	(35,451)	55,649
Transfer to capital account (Note 6)	-	-	(100,000)
Deficit, end of year	$ (165,299)	$ (35,451)	$ (44,351)

See accompanying notes

C.A. PIPPY PARK COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	$(120,948)	$ 226,989
Adjustments for non-cash items		
Amortization	17,849	20,036
	(103,099)	247,025
Change in non-cash working capital		
Accounts receivable	(6,193)	158,165
Merchandise inventory	(628)	(1,397)
Prepaid expenses	22,117	(50,438)
Prepaid supplies	(4,850)	416
Accounts payable and accrued liabilities	29,609	(18,329)
Deferred revenue	3,764	4,529
	(59,280)	339,971
Increase (decrease) in accrued severance pay	(8,283)	9,661
	(67,563)	349,632
Cash flows from investing activities		
Additions to capital assets - purchased from operating funds	(27,887)	(10,759)
Additions to capital assets - purchased from unexpended capital fund	(17,298)	(57,409)
Advance to Thomas Development Corporation	(50,000)	-
Repayment of advance to Thomas Development Corporation	50,000	-
	(45,185)	(68,168)
Cash flows from financing activities		
Capital grant for golf course (Note 7)	-	200,000
Capital expenditure for golf course	-	(197,295)
Repayment of lease obligation	(13,400)	(12,329)
	(13,400)	(9,624)
Net increase (decrease) in cash	(126,148)	271,840
Cash, beginning of year	429,195	157,355
Cash, end of year	$ 303,047	$ 429,195

See accompanying notes

C.A. PIPPY PARK COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

The C.A. Pippy Park Commission (the Commission) was incorporated in 1968 and operates under authority of the *Pippy Park Commission Act*. The purpose of the Commission is to provide a park-like setting to house the headquarters of the Provincial Government, as well as various government, cultural, educational facilities and Memorial University of Newfoundland. Its affairs are managed by a Board of Commissioners, the majority of whom are appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Commission in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

(i) All capital assets are capitalized at cost at the time of acquisition. Government assistance towards the acquisition of capital assets is deducted from the related capital asset cost with any amortization calculated on the net amount. Amortization is calculated using the declining balance method based on the expected future life of all assets as follows:

Furniture, equipment and vehicles	30%
Recreation centres	10%
Buildings	10%
Park improvements	10%

(ii) Capital assets are financed primarily through capital grants from the Province of Newfoundland and Labrador. The expended portion of these grants is deducted from capital assets on the balance sheet. The unexpended portion is reported in the equity section on the balance sheet.

(iii) The cost of building acquisitions is included with land where the primary reason for purchasing the properties is to acquire the land. Where the Commission intends to maintain the buildings for Park use, cost is allocated between land and buildings.

C.A. PIPPY PARK COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

1. **Significant accounting policies (cont.)**

(b) Severance pay

Severance pay is calculated based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment in the public service. If the employee transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity.

(c) Deferred revenue

Deferred revenue represents revenue relating to future operating periods. The revenue will be reported in the applicable future period to which it relates.

2. **Accounts receivable**

	2003	2002
Trade	$ 60,723	$ 45,074
Management fee	250,000	-
Harmonized sales tax, accrued interest and other	2,314	11,404
	313,037	56,478
Less: allowance for doubtful accounts	255,140	4,774
	$ 57,897	$ 51,704

C.A. PIPPY PARK COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

3. Capital assets

	2003				2002
	Cost	Capital Grants	Accumulated Amortization	Net Book Value	Net Book Value
Land (Note 3 (a))					
Park	$ 6,587,976	$ 6,587,976	$ -	$ -	$ -
Golf course (Note 8)	1,809,696	1,809,696	-	-	-
	8,397,672	8,397,672	-	-	-
Furniture, equipment and vehicles					
Office furniture and equipment	32,650	10,230	18,515	3,905	2,128
Furniture and equipment -					
19th Hole Lounge	29,343	29,343	-	-	-
North Bank Lodge	12,708	12,708	-	-	-
Trailer park	5,291	-	2,126	3,165	-
Equipment	89,345	72,350	16,995	-	739
Vehicles	122,841	122,841	-	-	-
Equipment under capital lease	91,748	-	67,520	24,228	34,611
	383,926	247,472	105,156	31,298	37,478
Recreation centres					
19th Hole Lounge	122,409	76,640	41,244	4,525	5,029
North Bank Lodge	47,709	38,132	8,443	1,134	1,259
Admiral's Quarters	5,424	5,424	-	-	-
Salon C - Clubhouse	5,301	5,301	-	-	-
	180,843	125,497	49,687	5,659	6,288
Buildings					
Trailer park service buildings	351,013	351,013	-	-	-
Headquarters	81,162	81,162	-	-	-
Andrea Gillies Equestrian Centre	177,881	98,138	70,508	9,235	10,261
Mechanic shop	51,362	16,970	25,417	8,975	9,971
Greenhouses	56,538	56,538	-	-	-
Registration offices	63,041	59,129	3,323	589	654
	780,997	662,950	99,248	18,799	20,886
Other assets					
Park improvements	1,092,235	1,023,669	38,044	30,522	11,588
	$10,835,673	$10,457,260	$292,135	$ 86,278	$ 76,240

C.A. PIPPY PARK COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

3. Capital assets (cont.)

(a) Capital assets not included in financial statements

Land purchased directly by the Provincial Government and forming part of C.A. Pippy Park is not recorded in these financial statements. The land recorded in these financial statements represents land purchased directly by the Commission from capital grants.

Capital improvements made by third parties are not recorded in these financial statements.

(b) Title to Commission property

The *Pippy Park Commission Act* states in Section 10(4) that the title to property of the Commission shall be vested in the name of the Minister, for the Crown.

4. Obligation under capital lease

	2003	2002
Obligation under capital lease	$20,998	$34,398
Less: current portion	15,767	15,767
	$ 5,231	$18,631

Future minimum lease payments under capital lease are:

2004	$15,767
2005	6,570
	22,337
Less: interest portion of payments	1,339
	$20,998

The capital lease is secured by equipment having a net book value of $20,045.

5. Advance from Province of Newfoundland and Labrador

On 30 March 2001, the Commission received a repayable advance in the amount of $250,000 from the Province of Newfoundland and Labrador. There are no set terms of repayment. The advance payable remained outstanding at year end.

6. Unexpended capital funds

The amounts recorded as unexpended capital funds were provided by the Province of Newfoundland and Labrador in the past to assist the Commission with the acquisition of capital assets. Transactions occurring in the unexpended capital funds account during the year were:

	2003	2002
Balance, beginning of year	**$199,203**	$156,612
Add: transfers from operating fund	-	100,000
Less: purchases of capital assets	**(17,298)**	(57,409)
Balance, end of year	**$181,905**	$199,203

7. Related party transactions

(a) During the year, the Commission recorded $402,520 (2002 - $58,325) from the Province in operating revenue and $ nil (2002 - $200,000) in capital grants for golf course renovations and improvements.

(b) Services and rental revenue include a significant volume of transactions with the Province as a result of ongoing contracts.

8. Golf course

In August 1989, the Province of Newfoundland and Labrador (the Province) and the Commission entered into a lease agreement with Thomas Development (1989) Corporation (the Corporation) wherein the Province provided land, previously purchased by the Commission and included within the boundaries of C.A. Pippy Park, and the Corporation agreed to construct an 18 hole golf course along with an access road thereto. The lease had an initial term of ten years and provided for a maximum of three five-year extensions for a total of twenty-five years.

The Corporation surrendered the lease on 20 November 1997 and entered into a Management Agreement with the Commission which has a term from 20 November 1997 to 31 December 2004. The Agreement is for the management and operation of both the 9 hole and 18 hole golf courses.

Under the terms of the Agreement, the Corporation is required to pay management fees of $250,000 to the Commission for each of the years 2002 to 2005. Management fees of $250,000 for 2002 were subsequently waived by the Commission.

9. Income from other revenue producing activities

	2003 Actual	2003 Budget	2002 Actual
19th Hole Lounge	$178,397	$165,000	$179,331
Admiral's Quarters	-	78,000	77,919
North Bank Lodge	9,966	14,000	11,124
Salon C - Clubhouse	6,826	4,000	3,468
	195,189	261,000	271,842
Less: cost of goods sold	100,616	141,000	133,898
	$ 94,573	$120,000	$137,944

During the year, the operation of the Admiral's Quarters was transferred to Thomas Development (1989) Corporation.

10. Pensions

The Commission and its staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of pension contributions for 2003 was $37,975 (2002 - $30,495).

11. Operating lease obligation

A vehicle has been leased for a four-year term commencing 13 June 2001. In addition, equipment has been leased for a three-year term commencing 31 May 2000. Minimum lease payments for the next three years are as follows:

2004	$5,204
2005	$4,687
2006	$ 781

12. Contingent liabilities

(a) A Statement of Claim has been served on the Commission by the Registrar of the Supreme Court. The Statement of Claim results from the failure of the Commission to purchase a parcel of land which is included within the boundaries of the Park or to release this parcel of land for sale to other parties. The land is comprised of 40.2 acres in total, 17.0 acres of which is included within the boundaries of the Park. The likelihood of loss as a result of this Statement of Claim is not determinable and the amount of the loss is not reasonably estimable. Her Majesty the Queen in Right of Newfoundland and Labrador is named as a Second Defendant in the Statement of Claim.

12. Contingent liabilities (cont.)

(b) A Statement of Claim against the operator of the golf course was filed in the Supreme Court of Newfoundland and Labrador in July 1999. The Statement of Claim results from a personal injury suffered on the golf course. The Commission is named as a Second Defendant in the Statement of Claim and Her Majesty the Queen in Right of Newfoundland and Labrador is named Third Defendant. The Statement of Claim was not served on the parties named until June 2000. The likelihood of loss as a result of this Statement of Claim is not determinable and the amount of the loss is not reasonably estimable.

(c) The Commission has received correspondence from legal counsel representing the Estate of an individual who owned a parcel of land located within the boundaries of the Park. The letter indicates that if an agreement cannot be made between the Commission and representatives of the Estate with respect to the purchase of a parcel of land for fair market value then legal action would be commenced against the Commission on the basis of constructive expropriation of the property without compensation. As legal action has not yet commenced on this matter the likelihood of loss is not determinable and the amount of the loss is not reasonably estimable.

13. Financial instruments

The Commission's financial instruments recognized in the balance sheet consist of cash, accounts receivable, accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity or current market rate associated with these instruments.

14. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its operations, the Commission's ability to continue operations is dependent on the decisions of the Province.

15. Income taxes

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Federal or Provincial income taxes.

16. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 2003

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Board of Trustees of the **Central East Health Care Institutions Board**

We have audited the consolidated balance sheet of the **Central East Health Care Institutions Board** as at March 31, 2003 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2003 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters Hoffe
Chartered Accountants

Gander, Newfoundland

June 6, 2003

30 ROE AVENUE, P.O. BOX 348, GANDER, NEWFOUNDLAND A1V 1W7

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Consolidated

Balance Sheet

March 31, 2003

	2003	2002
Assets		
Current assets:		
Receivables (Note 3)	$ 2,643,153	3,461,026
Inventories (Note 4)	816,093	822,691
Prepaids (Note 5)	1,661,720	1,806,006
Total current assets	5,120,966	6,089,723
Deposit on purchase of capital asset	50,337	-
Sponsorships and advances receivable (Note 6)	626	3,006
Due from NLHC for replacement reserve (Note 13)	148,543	144,568
Residents' trust funds held on deposit	185,882	171,583
Capital assets (Note 7)	18,012,782	20,068,196
	$ 23,519,136	26,477,076
Liabilities		
Current liabilities:		
Bank indebtedness (Note 8)	$ 7,718,927	6,105,447
Payables and accruals (Note 9)	6,368,654	5,823,270
Accrued vacation pay	3,095,891	2,960,899
Deferred capital equipment donations	278,501	125,428
Deferred capital grants	1,171,830	3,569,459
Current portion of obligations under capital lease	66,000	111,000
Current portion of long-term debt	180,346	182,079
Current portion of accrued severance pay - estimated	250,000	250,000
Total current liabilities	19,130,149	19,127,582
Long-term debt (Note 10)	4,027,155	4,138,454
Obligations under capital lease (Note 11)	132,173	159,677
Trust funds payable	185,882	171,583
Accrued severance pay, less current portion of $250,000	7,715,155	6,981,530
Unamortized deferred contributions related to capital assets (Note 12)	13,268,773	14,804,552
Replacement reserve (Note 13)	148,543	144,568
J.M. Olds scholarship and library fund	85,535	88,017
	44,693,365	45,615,963
Net assets, per accompanying statement:		
Net assets invested in capital assets	316,456	642,069
Unrestricted net assets	(21,490,685)	(19,780,956)
	(21,174,229)	(19,138,887)
	$ 23,519,136	26,477,076

See accompanying notes:

Approved:

Chairman

Secretary-Treasurer

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Consolidated

Statement of Operations

Year ended March 31, 2003	2003	2002
Revenue:		
Provincial plan - operating	$ 56,170,445	51,199,092
MCP physicians salaries	6,510,207	5,748,637
Patient-resident services	3,447,164	3,268,978
CMHC mortgage interest subsidy (Note 10)	111,988	114,659
Capital project funding	595,679	672,817
Other revenue	1,052,243	1,446,695
Board	687,912	312,375
	68,575,638	62,763,253
Expenditure:		
Administration	6,880,766	6,395,153
Support services	15,415,921	13,780,926
Nursing inpatient services - acute	16,785,582	15,146,296
- long-term care	8,589,951	7,439,713
Ambulatory care services	4,034,104	3,631,300
Diagnostic and therapeutic services	9,074,905	8,789,051
Medical services	7,063,890	6,637,841
Education services	393,862	394,267
Board	874,043	649,058
	69,113,024	62,863,605
Deficit prior to other operations	(537,386)	(100,352)
Other operations - net:		
Primary Health Enhancement Project	(1,092)	966
Bonnews Lodge day care program	(45,794)	(15,831)
	(46,886)	(14,865)
Deficit after other operations	(584,272)	(115,217)
Non-shareable items:		
Amortization of deferred capital grants	4,186,357	2,087,674
Amortization	(4,766,034)	(2,425,672)
Accrued vacation pay - (increase) decrease	(137,768)	(181,419)
Accrued severance pay - (increase) decrease	(733,625)	(1,080,211)
	(1,451,070)	(1,599,628)
Deficiency of revenue over expenditure	$(2,035,342)	(1,714,845)

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Consolidated

Statement of Cash Flow

Year ended March 31, 2003	2003	2002
Cash flows:		
Operations:		
Deficiency of revenue over expenditure	$(2,035,342)	(1,714,845)
Amortization	4,809,022	2,468,036
Net allocation to replacement reserve	-	(1,599)
Loss (gain) on disposal of equipment	(3,210)	20,091
Amortization of deferred capital grants	(4,186,357)	(2,087,674)
Unamortized contributions on assets disposed	-	(20,091)
	(1,415,887)	(1,336,082)
Changes in:		
Receivables	817,873	(506,137)
Inventories	6,598	(7,474)
Prepaids	144,286	6,130
Payables and accruals	545,384	1,250,107
Accrued vacation pay	134,992	182,424
Deferred capital equipment donations	153,073	106,500
Deferred capital grants	(2,397,629)	1,504,886
Accrued severance pay	733,625	1,080,211
	(1,277,685)	2,280,565
Investing:		
Deposit on purchase of capital asset	(50,337)	-
Additions to capital assets	(2,698,074)	(1,719,147)
Additions to leased capital assets	(55,535)	-
Proceeds from disposal of capital assets	3,210	874
Sponsorships and advances - net	2,380	178,754
Due from NLHC for replacement reserve	(3,975)	(3,553)
	(2,802,331)	(1,543,072)
Financing:		
Repayment of long-term debt	(183,033)	(178,738)
Repayment of capital leases	(128,037)	(376,995)
Net changes in scholarship funds	(2,482)	4,645
Interest income earned for replacement reserve	3,975	5,151
Grants received for the purchase of capital assets	2,404,024	1,508,640
Donations received for the purchase of capital assets	232,475	56,871
Equipment loan forgiven	14,079	14,079
New loan proceeds	70,000	-
Proceeds from capital leases	55,535	-
	2,466,536	1,033,653
Net increase (decrease) in cash	(1,613,480)	1,771,146
Cash, net of bank indebtedness:		
Beginning	(6,105,447)	(7,876,593)
Ending	$(7,718,927)	(6,105,447)

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

OPERATING FUND

Balance Sheet

March 31, 2003	2003	2002
Assets		
Current assets:		
Receivables (Note 3)	$ 2,626,942	3,461,026
Inventories (Note 4)	816,093	822,691
Prepaids (Note 5)	1,661,720	1,806,006
Total current assets	5,104,755	6,089,723
Deposit on purchase of capital asset	50,337	-
Due from Board Fund	804,036	504,299
Residents' trust funds held on deposit	185,882	171,583
Capital assets (Note 7)	16,622,329	18,746,612
	$ 22,767,339	25,512,217
Liabilities		
Current liabilities:		
Bank indebtedness (Note 8)	$ 7,753,345	6,114,170
Payables and accruals (Note 9)	6,355,167	5,606,788
Accrued vacation pay	3,096,212	2,958,444
Deferred capital grants	1,171,830	3,569,459
Current portion of obligations under capital lease	66,000	111,000
Current portion of long-term debt	156,346	159,079
Current portion of accrued severance pay	250,000	250,000
Total current liabilities	18,848,900	18,768,940
Long-term debt (Note 10)	3,158,398	3,318,666
Obligations under capital lease (Note 11)	132,173	159,677
Trust funds payable	185,882	171,583
Accrued severance pay, less current portion of $250,000	7,715,155	6,981,530
Unamortized deferred contributions related to capital assets (Note 12)	13,268,773	14,804,552
	43,309,281	44,204,948
Net assets, per accompanying statement:		
Net assets invested in capital assets	(139,348)	163,309
Unrestricted net assets	(20,402,594)	(18,856,040)
	(20,541,942)	(18,692,731)
	$ 22,767,339	25,512,217

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

OPERATING FUND

Statement of Changes in Net Assets

Year ended March 31, 2003

	2003			2002
	Invested in Capital Assets	Unrestricted	Total	Total
Balance, beginning:				
As previously reported	$ 163,309	(18,856,040)	(18,692,731)	(17,441,371)
Prior years' adjustments to reflect invested in capital assets prior to 2001 (Note 14)	-	-	-	126,802
As restated	163,309	(18,856,040)	(18,692,731)	(17,314,569)
Excess (deficiency) of revenue over expenditure	(579,677)	(1,269,534)	(1,849,211)	(1,378,162)
Investment in capital assets (Note 15)	277,020	(277,020)	-	-
Balance, ending	$(139,348)	(20,402,594)	(20,541,942)	(18,692,731)

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

OPERATING FUND

Statement of Operations

Year ended March 31, 2003	2003	2002
Revenue:		
Provincial plan	$ 56,170,445	51,199,092
MCP physicians salaries	6,510,207	5,748,637
Inpatient	689,383	797,782
Outpatient	504,309	477,589
Resident revenue - long-term care	2,253,472	1,993,607
CMHC mortgage interest subsidy (Note 10)	111,988	114,659
Capital project funding	595,679	672,817
Recoveries - services	569,815	561,410
- salaries	360,819	730,478
Other miscellaneous revenue	121,609	154,807
	67,887,726	62,450,878
Expenditure:		
Administration	6,880,766	6,395,153
Support services	15,415,921	13,780,926
Nursing inpatient services - acute	16,785,582	15,146,296
- long-term care	8,589,951	7,439,713
Ambulatory care services	4,034,104	3,631,300
Diagnostic and therapeutic services	9,074,905	8,789,051
Medical services	7,063,890	6,637,841
Education services	393,862	394,267
	68,238,981	62,214,547
Surplus (deficit) prior to other operations	(351,255)	236,331
Other operations - net:		
Primary Health Enhancement Project	(1,092)	966
Bonnews Lodge day care program	(45,794)	(15,831)
	(46,886)	(14,865)
Surplus (deficit) after other operations	(398,141)	221,466
Non-shareable items:		
Amortization of deferred capital grants	4,186,357	2,087,674
Amortization	(4,766,034)	(2,425,672)
Accrued vacation pay - (Increase) decrease	(137,768)	(181,419)
Accrued severance pay - (Increase) decrease	(733,625)	(1,080,211)
Excess (deficiency) of revenue over expenditure (Note 16)	$(1,849,211)	(1,378,162)

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

OPERATING FUND

Statement of Cash Flow

Year ended March 31, 2003	2003	2002
Cash flows:		
Operations:		
Deficiency of revenue over expenditure	$(1,849,211)	(1,378,162)
Amortization	4,766,034	2,425,672
Loss (gain) on disposal of equipment	(3,210)	20,091
Amortization of deferred capital grants	(4,186,357)	(2,087,674)
Unamortized contributions on assets disposed	-	(20,091)
	(1,272,744)	(1,040,164)
Changes in:		
Receivables	834,083	(506,137)
Inventories	6,598	(7,474)
Prepaids	144,286	5,840
Due from Board Fund	(299,737)	86,251
Payables and accruals	748,379	1,135,952
Accrued vacation pay	137,768	181,419
Deferred capital grants	(2,397,629)	1,504,886
Accrued severance pay	733,625	1,080,211
	(1,365,371)	2,440,784
Investing:		
Deposit on purchase of capital asset	(50,337)	-
Additions to capital assets	(2,586,217)	(1,719,147)
Additions to leased capital assets	(55,535)	-
Proceeds from disposal of capital assets	3,210	874
	(2,688,879)	(1,718,273)
Financing:		
Repayment of long-term debt	(163,001)	(153,960)
Repayment of capital leases	(128,037)	(376,995)
Grants received for the purchase of capital assets	2,404,024	1,508,640
Donations received for the purchase of capital assets	232,475	56,871
Equipment loan forgiven	14,079	14,079
Proceeds from capital leases	55,535	-
	2,415,075	1,048,635
Net increase (decrease) in cash	(1,639,175)	1,771,146
Cash, net of bank indebtedness:		
Beginning	(6,114,170)	(7,885,316)
Ending	$(7,753,345)	(6,114,170)

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Notes to the Financial Statements

March 31, 2003

1. Nature of operations:

These financial statements reflect the operating assets, liabilities, revenue and expenditure of the following facilities and clinics operated by the Central East Health Care Institutions Board.

Facilities

James Paton Memorial Hospital
Fogo Island Hospital
Notre Dame Bay Memorial Health Care
Brookfield Bonnews Health Care Centre
Lakeside Homes
Bonnews Lodge Apartment Complex
Central Northeast Health Foundation

Clinics

Carmanville
Centreville
Eastport
Gambo
Gander Bay
Glovertown
Hare Bay
Musgrave Harbour
New World Island
St. Brendan's

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using the pooling of interest method of accounting. Under this method, the book values of assets, liabilities and net assets of each of the entities being combined are added together to form the combined value of assets, liabilities and net assets of the Board.

2. Summary of significant accounting policies:

Inventories

Inventories are valued determined on the first in first out basis as follows:

General stores, at average cost
Drugs, at cost

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are being amortized on a straight line basis over their useful lives. Effective at the beginning of this year, the Board reassessed the useful lives of its assets and changed its annual straight line percentages to reflect the revised useful lives.

(Continued . . .)

2. Summary of significant accounting policies (continued):

Capital assets (continued)

The revised percentages for the current year and those applied in previous years are as follows:

Hospital and long-term care buildings and service equipment:		
Gander	**2.5%**	2.50%
Brookfield	**2.5%**	2.50%
Fogo	**2.5%**	5.00%
Notre Dame Bay Memorial Health Care	**2.5%**	2.50%
Bonnews	**2.5%**	2.50%
Residences	**2.5%**	2.50%
District buildings and service equipment	**2.5%**	2.50%
Equipment	**12.5%**	6.25%
Information systems	**33.3%**	6.25%
Motor vehicles	**20.0%**	20.00%

In addition, the Bonnews Lodge Apartment Complex building is being amortized at a rate equal to the annual principal reduction of the mortgage related to this property. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

Replacement reserve

Newfoundland and Labrador Housing Corporation (NLHC) maintains a consolidated Replacement Reserve Fund to maintain and account for replacement reserve funds for Non-Profit Housing groups. Prior to 1996, the group was responsible for its own replacement reserve. NLHC provides the organization with an annual statement as of March 31, indicating its reserve balance. The funds in the account may only be used as approved by NLHC. Withdrawals are credited to interest first and then principal.

Transactions in the reserve are shown in Note 13.

Revenue recognition

Central East Health Care Institutions Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to capital assets are deferred and amortized to revenue at the same rates which the related capital assets are amortized.

3. Receivables:

	2003			2002
	Operating Fund	Board Fund	Consolidated	Consolidated
Provincial plan grants - operating	$ -	-	-	1,148,916
Capital grants	330,000	-	330,000	749,107
Patients, capital donations, rents and other	1,091,995	-	1,091,995	949,311
MCP	1,181,281	-	1,181,281	579,664
HST	168,257	-	168,257	138,705
Due from Newfoundland and Labrador Housing Corporation	-	16,211	16,211	-
	2,771,533	16,211	2,787,744	3,565,703
Allowance for doubtful	144,591	-	144,591	104,677
	$ 2,626,942	16,211	2,643,153	3,461,026

4. Inventories:

	2003	2002
General stores	$ 357,102	380,082
Drugs	458,991	442,609
	$ 816,093	822,691

5. Prepaids:

	2003	2002
Deposit on equipment leases	$ 6,865	6,915
Equipment maintenance	167,280	249,546
Malpractice insurance	95,155	74,205
Workers' Compensation	1,308,257	1,417,948
Other	84,163	57,392
	$ 1,661,720	1,806,006

6. Sponsorships and advances receivable:

	2003	2002
Board Fund:		
Dr. Yousif - short term residency advances	$ 626	3,006

7. Capital assets:

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Operating Fund:				
Land	$ 27,239	-	27,239	27,239
Buildings and service equipment	27,565,243	17,964,212	9,601,031	10,272,312
Equipment	23,583,744	19,129,478	4,454,266	4,939,229
Equipment under capital lease	1,953,328	874,965	1,078,363	1,266,995
Information systems	2,747,516	1,439,116	1,308,400	2,052,684
Motor vehicles	599,574	446,544	153,030	188,153
Motor vehicles under capital lease	94,705	94,705	-	-
	56,571,349	39,949,020	16,622,329	18,746,612
Board Fund:				
Land	23,729	-	23,729	23,729
Buildings	1,869,862	512,459	1,357,403	1,292,644
Equipment	154,002	144,681	9,321	5,211
	2,047,593	657,140	1,390,453	1,321,584
	$ 58,618,942	40,606,160	18,012,782	20,068,196

8. Bank indebtedness:

	2003	2002
Operating fund:		
Cash	$ 6,200	6,200
Due to bank on current account	(4,545)	(285,370)
Bank demand loans	(7,755,000)	(5,835,000)
	(7,753,345)	(6,114,170)
Board fund:		
Cash	34,418	8,723
	$(7,718,927)	(6,105,447)

The Board has access to a $12 million line of credit in the form of revolving demand loans bearing interest at Bank of Nova Scotia prime. These loans have been approved by the Minister of Health and Community Services.

9. Payables and accruals:

	2003			2002
	Operating Fund	Board Fund	Consolidated Totals	Total
Trade	$ 4,104,826	-	4,104,826	3,705,258
Provincial Plan revenue grants - current year	11,115	-	11,115	-
Due to Newfoundland and Labrador Housing Corporation	-	-	-	7,874
Employee portion of EI premiums reduction	18,492	-	18,492	21,680
Payroll deductions	882,736	-	882,736	777,685
Unused donations - education	38,181	-	38,181	36,420
Residents comfort fund	23,680	-	23,680	23,617
Deferred Medical Recruitment Fund	-	-	-	199,754
Accrued - wages	1,249,537	-	1,249,537	1,020,098
- other	26,600	13,487	40,087	30,884
	$ 6,355,167	13,487	6,368,654	5,823,270

10. Long-term debt:

	2003	2002
Operating Fund:		
5.9% CMHC 1st mortgage on Bonnews Lodge; repayable in equal monthly installments of $10,547, interest included; maturing April, 2011	$ 818,263	895,268
6.45% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of $15,521, interest included; maturing April, 2020	1,913,432	1,973,497
7.5% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of $4,574, interest included; maturing July, 2030	580,703	592,555
Organan Teknika equipment loan; repayable through contracted supply purchases; maturing March, 2003	2,346	16,425
	3,314,744	3,477,745
Less current portion	156,346	159,079
	3,158,398	3,318,666

(Continued)

10. Long-term debt (continued):

	2003	2002
Operating Fund balance forward	$ 3,158,398	3,318,666
Board Fund:		
5.5% Newfoundland and Labrador Housing Corporation 1st mortgage on Bonnews Apartment Complex; repayable in equal monthly installments of $4,718, interest included; maturing November, 2024, renewable on an annual basis	719,803	736,761
5.3% Bank of Nova Scotia 1st mortgage on land and building at Twillingate; repayable in equal monthly installments of $447, interest included; maturing November, 2024	69,430	-
5.3% Bank of Nova Scotia 1st mortgage on land and building at 42 Howletts Rd., Twillingate; repayable in equal monthly installments of $372, interest included; maturing July, 2024	50,629	51,890
5.3% Bank of Nova Scotia 1st mortgage on land and building at 30 Smiths Lane, Twillingate; repayable in equal monthly installments of $387, interest included; maturing August, 2020	52,895	54,137
	892,757	842,788
Less current portion	24,000	23,000
	868,757	819,788
Consolidated totals	$ 4,027,155	4,138,454

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

	Operating Fund	Board Fund
2004	$ 156,346	24,000
2005	167,675	24,750
2006	178,325	26,125
2007	189,650	27,575
2008	201,725	29,100

(Continued)

10. Long-term debt (continued):

Interest subsidy:

The Board has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs. The amount of assistance received from Newfoundland and Housing Corporation in 2003 was $111,988 for the Operating Fund facilities and $69,827 for the Bonnews Lodge Apartment Complex.

11. Obligations under capital lease:

The Board has entered into a number of agreements whereby it leases certain equipment for terms ranging from three to six years. These leases are accounted for as capital leases with the Board treating the equipment as an acquisition of an asset and the assumption of an obligation. The effective interest rates range from 6.83% to 16.37%.

The following is a schedule of future minimum lease payments under the capital leases:

	2003	2002
Year ending March 31		
2003	$ -	132,143
2004	**82,943**	70,765
2005	**67,160**	54,966
2006	**56,864**	44,670
2007	**22,404**	15,835
Total minimum lease payments	**229,371**	318,379
Less amount representing interest	**31,198**	47,702
Balance of obligation	**198,173**	270,677
Less current portion	**66,000**	111,000
	$ 132,173	159,677

12. Unamortized deferred contribution related to capital assets:

Deferred contributions related to capital assets represent restricted contributions with which capital assets were originally purchased. The changes in the deferred contributions for the year are as follows:

	2003	2002
Balance, beginning:		
As previously reported	$ 14,804,552	15,455,210
Prior years' adjustments (Note 14)	-	(122,484)
As restated	14,804,552	15,332,726
Add (deduct):		
Capital equipment grants	2,404,024	1,508,641
Donated equipment	232,475	56,871
Equipment loans forgiven	14,079	14,079
Unamortized contributions on assets disposed	-	(20,091)
	17,455,130	16,892,226
Less amortization	4,186,357	2,087,674
Balance, ending	$ 13,268,773	14,804,552

13. Replacement reserve:

	2003			2002
	Principal	Interest	Total	Total
Balance, beginning	$ 109,252	35,316	144,568	141,015
Interest earned	-	3,975	3,975	5,151
Approved expenditures	-	-	-	(1,598)
Balance, ending	$ 109,252	39,291	148,543	144,568

14. Prior years' adjustments:

Prior to 2002 the Board was treating payments for "Debt Charge - Principal" as an expenditure, which was not in accordance with Canadian generally accepted accounting principles for "Not-For-Profit Organizations."

During 2002 the Board corrected this treatment to conform with the generally accepted accounting principles. These corrections resulted in various adjustments to the "Invested in Capital Assets", "Unamortized deferred contributions related to capital assets", "Unrestricted Net Assets" and "Revenue and Expenditure."

The adjustments are reflected in the financial statements on a retroactive basis.

15. Investment in capital assets:

	2003	2002
Operating fund:		
Repayment of long-term debt	**$ 163,001**	153,960
Repayment of capital leases	**128,037**	376,995
	291,038	530,955
Less capital grants received for above payments	**14,018**	210,887
	277,020	320,068
Board fund:		
Repayment of long-term debt	**20,032**	24,779
	$ 297,052	344,847

16. Commitments:

Operating leases

The Board has a number of agreements whereby it leases equipment and property in addition to those disclosed under Note 11. These agreements range in terms from one to three years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases are as follows:

2004	$ 117,370
2005	48,805
2006	27,732

Energy performance contract

The Board entered into an Energy Performance Contract on July 25, 1997 with Enerplan Consultants Ltd. for the design and implementation of measures to improve energy efficiency, wherein Enerplan guaranteed the energy savings component.

The contract has been crystallized at $1,247,329 and is to be repaid from operating and energy savings over a ten year period having commenced January 1, 2000.

As support for the financing, Enerplan Consultants Ltd. has assigned to Associates Capital Limited any funds due to them by the Board for the energy savings component of the contract.

In the opinion of management of the Board, the guaranteed energy savings component of Enerplan Consultants Limited is an offset to the obligation of the Board to Associates Capital Limited and as a consequence neither the capital expenditure or the financing obligation is reflected in the financial statements of the Board at March 31, 2003.

17. Contingency

As of March 31, 2003 there were a number of legal claims against the Board in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 2003

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the directors of **Central Regional Health and Community Services Board**

We have audited the statement of financial position of **Central Regional Health and Community Services Board** as at March 31, 2003 and the statements of changes in net assets, operations, cash flow and operations and fund balance - Board Fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2003 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters Hoffe
Chartered Accountants

Gander, Newfoundland

July 7, 2003

30 ROE AVENUE, P.O. BOX 348, GANDER, NEWFOUNDLAND A1V 1W7

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Changes in Net Assets

Year ended March 31, 2003

	2003				2002
	Operating	Unfunded Severance and Vacation Pay	Capital Assets	Total	Total
Balance (deficit), beginning: As previously reported	$(3,156,769)	(2,675,200)	15,000	(5,816,969)	(5,164,573)
Prior years' adjustment to equity in capital assets and deferred contributions - capital	-	-	-	-	(472,021)
As restated	(3,156,769)	(2,675,200)	15,000	(5,816,969)	(5,636,594)
Current years surplus (deficit), per accompanying statement	258,945	(426,300)	-	(167,355)	(180,375)
Balance (deficit), ending	$(2,897,824)	(3,101,500)	15,000	(5,984,324)	(5,816,969)

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Operations

Year ended March 31, 2003	2003	2002
Revenue:		
Provincial government operating grant	$ 40,937,482	37,714,778
National child benefit	998,596	894,085
Early childhood development	301,445	141,963
Board fund grant (Note 10)	1,678	115,739
MCP revenue	122,425	145,103
Other revenue (Note 7)	570,019	332,779
Total revenue	42,931,645	39,344,447
Shareable expenditures:		
Administrative and support services	4,179,617	3,632,520
Community and social services:		
Addiction	333,088	307,923
Continuing care	12,290,128	11,514,031
Health promotion	2,898,537	2,452,808
Health protection	155,251	156,627
Mental health	829,130	659,119
Child youth FS	6,118,385	6,019,791
Family rehab	15,044,329	13,896,632
Community corrections	824,235	612,771
	38,493,083	35,619,702
Total shareable expenditures	42,672,700	39,252,222
Excess of revenue over expenditures from operations	258,945	92,225
Non-shareable expenditures (income):		
Amortization of deferred capital grants	(155,330)	(131,397)
Amortization of capital assets	155,330	131,397
Accrued - severance pay	309,000	185,000
- vacation pay	117,300	87,600
	426,300	272,600
Excess (deficiency) of revenue over expenditures	$(167,355)	(180,375)

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Cash Flow

Year ended March 31, 2003	2003	2002
Cash flows:		
Operations:		
Excess (deficiency) of revenue over expenditures	$(167,355)	(180,375)
Amortization of capital assets	155,330	131,397
Amortization of deferred capital grants	(155,330)	(131,397)
	(167,355)	(180,375)
Changes in:		
Receivables	310,858	(1,708,135)
Prepaid expenses	91,174	(82,311)
Payables and accruals	(127,930)	730,848
Accrued vacation pay	117,300	87,600
Deferred operating grant	316,315	346,285
Due to Board Fund	66,061	55,238
Accrued severance pay	309,000	185,000
	915,423	(565,850)
Investing:		
Purchase of capital assets	(205,863)	(194,411)
Financing:		
Contributions from Board Fund re capital assets	-	18,990
Capital grants	23,776	424,970
	23,776	443,960
Net increase (decrease) in cash and cash equivalents	733,336	(316,301)
Cash and cash equivalents:		
Beginning	(2,890,655)	(2,574,354)
Ending	$(2,157,319)	(2,890,655)
Cash and cash equivalents:		
Due to bank - on current account	$(2,157,319)	(356,655)
- on demand loan	-	(2,534,000)
	$(2,157,319)	(2,890,655)

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Schedule 1.

Statement of Operations and Fund Balance
Board Fund

Year ended March 31, 2003

	2003	2002
Revenue:		
Interest and donations	$ 82,991	79,510
Meditech funding from government	-	132,000
	82,991	211,510
Expenditures:		
Board meetings, conferences and insurance	9,505	9,464
Donations and miscellaneous	4,573	2,946
Interest expenses	1,174	9,133
	15,252	21,543
Excess of revenue over expenditures	$ 67,739	189,967
Fund balance:		
Balance, beginning	$ 464,372	409,134
Transferred to operating revenue (Note 10)	(1,678)	(115,739)
Transferred to capital expenditures	-	(18,990)
Excess of revenue over expenditures (above)	67,739	189,967
Balance, ending	$ 530,433	464,372

See accompanying notes

3. Receivables:

	2003	2002
Grants - operating and other	$ 2,234,241	2,587,025
HST rebate	78,339	74,563
Other	73,660	35,510
	$ 2,386,240	2,697,098

4 Capital assets:

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 15,000	-	15,000	15,000
Building	79,318	19,402	59,916	63,069
Equipment - office	499,761	369,736	130,025	109,001
- medical	273,419	213,279	60,140	66,103
Computer equipment - hardware	716,665	407,640	309,025	259,058
- software	108,313	81,851	26,462	37,804
	$ 1,692,476	1,091,908	600,568	550,035

5. Bank indebtedness:

The Board had an authorized overdraft, supported by an authorization to borrow from the Province, of $5,000,000 at March 31, 2003. This authority to borrow and related overdraft expired April 30, 2003.

6. Deferred grants:

	2003	2002
Operating	$ 385,726	247,427
National Child Benefit Program	673,393	529,932
Early Childhood Development Program	275,776	241,221
Child Youth and Family Services Act	12,781	12,781
Capital	725,156	856,710
	$ 2,072,832	1,888,071

7. Other revenue:

	2003	2002
Secondments	$ 162,741	-
WCC recoveries	51,077	52,388
Travel recoveries	24,714	38,744
Bridge funding - youth profiling project	72,044	65,726
September 11 funding	21,905	-
Recoveries - Home Support	107,459	88,598
Conne River Services contract	47,251	45,450
Vaccine Program	18,240	16,256
Salary recoveries	28,405	-
Other	36,183	25,617
	$ 570,019	332,779

8. Equity:

During a prior year the provincial government instituted a three year global funding plan for health care institutions. Under this plan, operating surpluses/deficits were not to be credited/charged to the Board fund until the three years expired. The three years expired at March 31, 1999 and government is reviewing the results of operations to decide on the appropriate treatment of these operating surpluses/deficits.

9. Commitments:

At balance sheet date the Board is committed to various leases for office space in the approximate amount of $50,000 monthly. Some of these leases expire at various times over the next year. Many of the facilities are being rented on a month to month basis.

10. Transfer to operating revenue:

During the year the Board transferred $1,678 to operating fund revenue to cover expenditures relating to the following special projects:

Meditech system implementation	$ 1,678

These expenditures have been reflected as operating fund expenditures on the statement of operations.

11. Comparative figures:

Certain of the 2002 comparative figures have been reclassified to conform to the financial presentation adopted in 2003.

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Supplementary Information

Statement of Operations by Expense Category

Year ended March 31, 2003	2003	2002
Revenue:		
Provincial government operating grant	$ 40,937,482	37,714,778
National child benefit	998,596	894,085
Early childhood development	301,445	141,963
Board fund grant	1,678	115,739
MCP revenue	122,425	145,103
Other (Note 7)	570,019	332,779
Total revenue	42,931,645	39,344,447
Shareable expenditures:		
Compensation:		
NLNU	5,892,135	4,970,481
Management - HL	2,379,103	2,031,067
NAPE - HS	2,737,457	2,331,129
AAHP	882,070	667,554
NAPE - GS	3,316,293	3,085,692
Other	12,161	6,816
Medical	125,205	121,636
Total compensation	15,344,424	13,214,375
Supplies:		
Drugs	25,090	13,856
Medical/surgical	321,398	250,723
Other supplies	170,558	139,988
Total supplies	517,046	404,567
Direct client costs	24,043,472	22,963,596
Sundry and referred out services	2,318,499	2,240,976
Building, grounds and equipment	449,259	428,708
Total non-compensation costs	27,328,276	26,037,847
Total shareable expenditures	42,672,700	39,252,222
Excess of revenue over expenditures from operations	258,945	92,225
Non-shareable expenditures:		
Amortization of deferred capital grants	(155,330)	(131,397)
Amortization of capital assets	155,330	131,397
Accrued - severance pay	309,000	185,000
- vacation pay	117,300	87,600
Total non-shareable expenditures	426,300	272,600
Excess (deficiency) of revenue over expenditures	$(167,355)	(180,375)

See accompanying notes

COLLEGE OF THE NORTH ATLANTIC

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 2003

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Board of Governors of the **College of the North Atlantic**

We have audited the statement of financial position of the **College of the North Atlantic** as at March 31, 2003 and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2003, and the results of its operations and the changes in net assets and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Walters Hoffe
Chartered Accountants

Gander, Newfoundland
June 24, 2003

30 ROE AVENUE, P.O. BOX 348, GANDER, NEWFOUNDLAND A1V 1W7
TELEPHONE (709) 651-4100 FAX (709) 256-2957 E-MAIL: waltershoffeca@nf.sympatico.ca

College of the North Atlantic
Statement of Financial Position
March 31, 2003

	2003	2002
Assets		
Current assets		
Cash	$ 2,266,919	$ 208,627
Receivables - Note 2	9,639,972	9,425,983
Inventory	706,643	635,488
Prepaid expenses	867,653	899,943
Total current assets	13,481,187	11,170,041
Capital assets - Note 3	9,592,341	9,832,236
Trust accounts - Note 4	374,294	388,706
	$ 23,447,822	$ 21,390,983
Liabilities and Equity		
Current liabilities		
Payables and accruals - Note 10	$ 5,918,745	$ 6,229,435
Deferred revenue	4,631,934	4,225,038
Deferred revenue - Qatar Campus	2,159,362	
Accrued vacation - management	1,102,807	972,241
Accrued vacation - other	3,893,473	3,559,107
Current portion of severance	1,000,000	1,000,000
Total current liabilities	18,706,321	15,985,821
Trust and scholarship accounts - Note 4	390,702	396,982
Deferred capital contributions - Note 5	4,489,901	3,073,815
Accrued severance pay	9,873,470	8,218,087
	33,460,394	27,674,705
Surplus (deficit), per accompanying statement	(10,012,572)	(6,283,722)
	$ 23,447,822	$ 21,390,983

Approved:

Director ______________________

Director ______________________

See accompanying notes.

College of the North Atlantic
Statement of Operations
Year Ended March 31, 2003

	2003	2002
Revenue - Schedule 1		
Grant-in-aid	$ 47,267,165	$ 46,602,831
Facilities	8,328	8,172
Administration	395,966	558,589
Instructional	22,537,371	20,885,781
Student services	564,311	666,642
Information technology	10,069	6,207
Resale	4,347,080	4,348,219
Apprenticeship	2,231,130	2,149,487
Community education	701,728	709,060
Contracts	8,740,291	8,739,692
International	1,127,473	700,842
Special projects	4,294,830	2,659,534
Total revenue	92,225,742	88,035,056
Expenditure - Schedules 2 to 13		
Facilities	4,484,748	4,830,743
Administration	14,785,183	14,950,638
Instructional	43,490,219	42,069,633
Student services	6,264,634	5,996,282
Information technology	3,849,309	3,503,031
Resale	5,055,227	5,004,677
Apprenticeship	1,811,822	1,740,580
Community education	552,741	623,637
Contracts	8,842,417	8,809,893
International	1,074,286	885,596
Special projects	3,754,257	2,128,083
Total expenditure	93,964,843	90,542,793
Surplus (deficit) before unfunded adjustments	(1,739,101)	(2,507,737)
Unfunded adjustments:		
Severance	(1,655,383)	(951,271)
Vacation pay	(334,366)	(220,379)
Total unfunded adjustments	(1,989,749)	(1,171,650)
Surplus (deficit) of revenue over expenditures	$ (3,728,850)	$ (3,679,387)

See accompanying notes

College of the North Atlantic
Statement of Changes in Net Assets
Year Ended March 31, 2003

	Operating	Capital Assets	Severance and Annual Leave	2003 Total	2002 Total
Balance, beginning	$ (264,949)	$ 6,758,421	$ (12,777,194)	$ (6,283,722)	$ (2,604,335)
Capital purchases during year	(4,404,713)	4,404,713			
Amortization of capital assets	4,622,518	(4,622,518)			
Capital grants received during the year	2,979,489	(2,979,489)			
Amortization of deferred capital contributions	(1,563,403)	1,563,403			
Net book value of assets disposed during the year	22,090	(22,090)			
Surplus (deficit) of revenue over expenditure per accompanying statement	(1,739,101)		(1,989,749)	(3,728,850)	(3,679,387)
Balance, ending	$ (348,069)	$ 5,102,440	$ (14,766,943)	$ (10,012,572)	$ (6,283,722)

College of the North Atlantic
Statement of Cash Flow
Year Ended March 31, 2003

	2003	2002
Cash flows:		
Surplus (deficit) of revenue over expenditure	$ (3,728,850)	$ (3,679,387)
Add items of a non - cash nature:		
Loss of assets	1,233	114,110
Gain on disposal of capital assets	(21,380)	59,549
Amortization	4,622,518	4,826,937
	873,521	1,321,209
Changes in:		
Current assets	(252,854)	(223,579)
Trust accounts	8,132	1,676
Current liabilities	2,720,500	664,594
Accrued severance	1,655,383	961,728
	5,004,682	2,725,628
Financing:		
Change in deferred capital contributions	1,416,086	(298,931)
Investing:		
Proceeds from sale of assets	42,237	70,284
Additions to capital assets	(4,404,713)	(4,602,310)
	(4,362,476)	(4,532,026)
Net increase(decrease) in cash	2,058,292	(2,105,329)
Cash, beginning	208,627	2,313,956
Cash, ending	$ 2,266,919	$ 208,627

See accompanying notes.

Schedule 1

College of the North Atlantic
Revenue
Year Ended March 31, 2003

	2003	2002
Grant-in-aid	$ 47,267,165	$ 46,602,831
Facilities		
Amortization of deferred capital contribution	3,115	1,558
Parking	5,213	6,614
	8,328	8,172
Administration		
Interest	111,147	184,160
Amortization of deferred capital contribution	196,056	300,017
Gain on disposal of capital assets	21,380	
Other	67,383	74,412
	395,966	558,589
Instructional		
Tuition	8,953,911	9,151,115
Equipment and materials	1,114,689	1,091,220
Subsidy	10,287,219	8,906,258
Amortization of deferred capital contribution	1,329,148	990,743
Other	852,404	746,445
	22,537,371	20,885,781
Student services		
Application fee	213,078	202,096
Registration fee	281,817	394,459
Amortization of deferred capital contribution	9,387	8,089
Other	60,029	61,998
	564,311	666,642
Information technology		
Amortization of deferred capital contribution	10,069	6,207
	10,069	6,207
Community education		
Tuition	693,154	706,736
Other	8,574	2,324
	701,728	709,060
Contracts		
Contract/tuition	6,996,302	6,466,346
Subsidy	1,388,342	2,041,403
Amortization of deferred capital contribution	5,337	9,187
Other	350,310	222,756
	8,740,291	8,739,692

See accompanying notes.

Schedule 1

College of the North Atlantic

Revenue

Year Ended March 31, 2003

Resale		
Bookstore	2,676,493	2,798,169
Food services	1,024,497	941,340
Daycare	319,998	318,329
Residence	308,125	280,770
Amortization of deferred capital contribution	1,537	1,163
Other	16,430	8,448
	4,347,080	4,348,219
Apprenticeship		
Apprenticeship	2,223,929	2,144,232
Amortization of deferred capital contribution	7,201	5,255
	2,231,130	2,149,487
International		
International	1,127,027	699,329
Amortization of deferred capital contribution	446	1,513
	1,127,473	700,842
Special projects		
Qatar (net)	598,962	203,820
Other projects	3,694,761	2,453,501
Amortization of deferred capital contribution	1,107	2,213
	4,294,830	2,659,534
	$ 92,225,742	$ 88,035,056

See accompanying notes.

Schedule 2

College of the North Atlantic
Summary of Facilities Expenditures
Year Ended March 31, 2003

		2003		2002
Salaries and benefits	$	1,157,290	$	1,211,323
Professional development		127		
Professional fees		22,047		123,090
Travel		5,140		12,778
Insurance		230,280		190,716
Interest charges		63,614		
Photocopying/printing		1,075		598
Office related supplies		7,929		1,101
Freight and customs		737		859
Telephone		5,621		3,048
Utilities		1,189,385		973,500
Repairs and maintenance		852,663		1,053,123
Vehicle operations		93,762		92,345
Equipment rentals		399		2,531
Facilities rentals		681,204		687,410
Protective clothing		12,701		12,881
Amortization		124,355		441,037
Computer supplies		239		1,088
Minor equipment and tools		5,003		9,685
Minor computer equipment		5,011		
Materials and supplies		10,916		13,630
Contributions to projects		15,250		
	$	4,484,748	$	4,830,743

College of the North Atlantic
Summary of Administration Expenditures
Year Ended March 31, 2003

	2003	2002
Salaries and benefits	$ 9,597,044	$ 9,046,199
Professional development	164,215	152,917
Employee recognition and wellness	14,154	7,908
Professional fees	188,413	97,793
Travel	447,196	638,254
Recruitment and relocation	60,275	92,915
Insurance		1,865
Bank charges	94,215	105,615
Photocopying/printing	364,058	436,139
Office related supplies	392,787	363,505
Membership fees	40,155	73,616
General advertising	539,397	664,047
Doubtful receivables	94,803	141,046
Freight and customs	110,170	124,165
Telephone	888,814	878,836
Utilities	1,258	
Repairs and maintenance	60,560	80,530
Vehicle operations	1,015	679
Equipment rentals	27,832	31,621
Facilities rentals	322	1,329
Protective clothing	8,158	5,401
Amortization	682,029	934,354
Loss of assets	1,233	114,110
Loss on disposal of capital assets		59,549
Food cost	1,093	218
Laundry and drycleaning	1,246	945
Computer supplies	100,167	109,154
Contracted services	4,275	8,064
Educational materials	22,229	13,050
Student related	8,572	10,052
Minor equipment and tools	61,811	91,817
Minor computer equipment	92,544	
Materials and supplies	248,103	345,115
Contributions to projects	467,040	319,830
	$ 14,785,183	$ 14,950,638

See accompanying notes.

Schedule 4

College of the North Atlantic
Summary of Instructional Expenditures
Year Ended March 31, 2003

	2003	2002
Salaries and benefits	$ 36,507,586	$ 34,841,797
Professional development	184,974	303,174
Professional fees	42,955	45,565
Travel	290,610	324,298
Recruitment and relocation	32,312	25,945
Insurance		152
Photocopying/printing	99,110	54,784
Office related supplies	15,676	3,233
Membership fees	20,994	11,903
General advertising	12,699	16,052
Freight and customs	35,511	32,324
Telephone	25,021	20,312
Utilities	542	1,007
Repairs and maintenance	77,750	126,400
Vehicle operations	442,084	380,853
Equipment rentals	12,644	34,646
Facilities rentals	131,185	159,591
Protective clothing	16,299	11,587
Amortization	3,288,973	3,006,066
Food cost	40,272	34,702
Laundry and drycleaning	2,183	961
Computer supplies	196,966	273,710
Contracted services	16,865	48,230
Educational materials	83,761	70,449
Student related	87,143	76,329
Minor equipment and tools	206,969	415,334
Minor computer equipment	174,942	
Materials and supplies	1,390,041	1,478,489
Contributions to projects	54,152	271,740
	$ 43,490,219	$ 42,069,633

Schedule 5

College of the North Atlantic
Summary of Student Services Expenditures
Year Ended March 31, 2003

	2003	2002
Salaries and benefits	$ 5,284,959	$ 4,974,133
Professional development	28,175	29,130
Employee recognition and wellness	450	537
Professional fees		1,500
Travel	80,175	70,178
Insurance	375	333
Bank charges	2,471	
Photocopying/printing	72,270	38,594
Office related supplies	42,766	43,800
Membership fees	2,561	1,302
General advertising	74,220	58,395
Freight and customs	5,637	4,655
Telephone	32,763	34,010
Utilities	160	
Repairs and maintenance	4,173	5,287
Equipment rentals	35	
Facilities rentals	2,613	4,769
Amortization	136,549	132,550
Laundry and drycleaning	23	54
Computer supplies	10,751	15,380
Contracted services	114,547	115,859
Educational materials	180,208	219,813
Student related	43,589	22,803
Minor equipment and tools	41,506	82,441
Minor computer equipment	8,348	
Materials and supplies	84,673	128,668
Contribution to projects	10,637	12,091
	$ 6,264,634	$ 5,996,282

See accompanying notes.

Schedule 6

College of the North Atlantic
Summary of Information Technology Expenditures
Year Ended March 31, 2003

	2003	2002
Salaries and benefits	$ 2,257,514	$ 2,086,044
Professional development	920	7,204
Travel	24,167	25,808
Photocopying/printing	1,613	1,853
Office related supplies	4,535	655
Freight and customs	3,068	3,651
Telephone	18,183	16,653
Repairs and maintenance	11,632	945
Vehicle operations	67	
Equipment rentals	276	1,036
Protective clothing	536	132
Amortization	320,154	253,107
Computer supplies	1,095,566	1,031,622
Educational materials	1,277	1,060
Minor equipment and tools	12,025	42,436
Minor computer equipment	77,374	
Materials and supplies	17,279	30,825
Contributions to projects	3,123	
	$ 3,849,309	$ 3,503,031

Schedule 7

College of the North Atlantic
Summary of Resale Expenditures
Year Ended March 31, 2003

	2003	2002
Salaries and benefits	$ 1,900,857	$ 1,755,213
Professional development	779	733
Travel	1,695	1,326
Photocopying/printing	6,284	1,895
Office related supplies	13,334	647
Membership fees	324	118
Freight and customs	132,194	120,636
Telephone	2,611	2,118
Utilities	7,807	7,875
Repairs and maintenance	10,411	8,742
Protective clothing	9,683	13,565
Amortization	13,571	12,085
Food cost	749,023	676,076
Laundry and drycleaning	15,214	13,727
Textbooks and supplies	2,034,267	2,232,998
Computer supplies	1,106	5,430
Contracted services	250	550
Educational materials	70	
Daycare operations	105,074	92,812
Student related		41
Minor equipment and tools	10,201	11,683
Minor computer equipment	4,261	
Materials and supplies	36,211	46,407
	$ 5,055,227	$ 5,004,677

See accompanying notes.

Schedule 8

College of the North Atlantic
Summary of Apprenticeship Expenditures
Year Ended March 31, 2003

	2003	2002
Salaries and benefits	$ 1,333,795	$ 1,238,374
Professional development	1,061	1,622
Professional fees	1,887	
Travel	4,541	5,995
Photocopying/printing	3,461	3,348
Office related supplies	32	
Membership fees	237	269
General advertising	1,927	39
Freight and customs	707	767
Telephone		288
Repairs and maintenance	5,960	6,636
Vehicle operations		90
Equipment rentals		2,005
Protective clothing	3,111	569
Amortization	45,043	37,300
Food cost	51,306	52,808
Laundry and drycleaning	3,975	1,592
Computer supplies	4,816	3,704
Contracted services	1,115	
Educational materials	12,104	7,188
Student related	194,268	177,139
Minor equipment and tools	16,786	23,561
Materials and supplies	124,690	177,286
Contributions to projects	1,000	
	$ 1,811,822	$ 1,740,580

College of the North Atlantic
Summary of Community Education Expenditures
Year Ended March 31, 2003

	2003	2002
Salaries and benefits	$ 416,149	$ 510,641
Professional development		466
Professional fees	899	1,592
Travel	35,133	26,464
Photocopying/printing	1,743	2,494
Office related supplies	334	99
Membership fees		25
General advertising	8,438	11,960
Freight and customs	562	309
Telephone	81	105
Repairs and maintenance	637	22
Equipment rentals		3,254
Facilities rentals	7,688	9,433
Laundry and drycleaning	142	
Computer supplies	5,075	3,272
Contracted services	13,218	12,141
Educational materials	1,374	1,025
Student related	8,560	4,081
Minor equipment and tools	276	338
Materials and supplies	52,432	35,916
	$ 552,741	$ 623,637

Schedule 10

College of the North Atlantic
Summary of Contract Expenditures
Year Ended March 31, 2003

	2003	2002
Salaries and benefits	$ 6,429,818	$ 6,284,344
Professional development	25,840	29,133
Professional fees	52,383	56,627
Travel	220,823	230,366
Recruitment and relocation	3,379	3,126
Insurance	1,626	1,195
Photocopying/printing	44,360	34,832
Office related supplies	14,396	9,109
Membership fees	4,545	647
General advertising	136,411	125,168
Freight and customs	13,246	12,888
Telephone	27,376	24,729
Repairs and maintenance	124,431	82,530
Vehicle operations	17,655	1,724
Equipment rentals	143,117	90,524
Facilities rentals	363,273	242,328
Protective clothing	1,529	1,387
Food cost	12,539	9,167
Laundry and drycleaning	264	21
Computer supplies	21,923	41,209
Contracted services	419,979	490,601
Educational materials	28,579	18,198
Student related	190,124	119,608
Minor equipment and tools	76,990	141,089
Minor computer equipment	48,026	
Materials and supplies	404,388	677,135
Contribution to projects	15,397	82,208
	$ 8,842,417	$ 8,809,893

See accompanying notes.

Schedule 11

College of the North Atlantic
Summary of International Expenditures
Year Ended March 31, 2003

	2003	2002
Salaries and benefits	$ 537,291	$ 434,961
Professional development	331	98
Professional fees	25,110	56,125
Travel	243,321	289,631
Photocopying/printing	78	641
Office related supplies	2,794	1,554
Membership fees	9,025	10,339
General advertising	6,042	174
Freight and customs	332	541
Telephone	746	786
Protective clothing	176	
Amortization	11,844	10,440
Computer supplies	12,210	9,859
Contracted services	38,535	24,500
Education materials	3,080	910
Student related	38,858	820
Minor equipment and tools	45,616	2,348
Minor computer equipment	37,367	
Materials and supplies	61,530	41,869
	$ 1,074,286	$ 885,596

See accompanying notes.

College of the North Atlantic
Summary of Special Projects Expenditures
Year Ended March 31, 2003

	2003	2002
Salaries and benefits	$ 1,141,351	$ 972,173
Professional development	34,327	5,288
Professional fees	495,092	198,095
Travel	332,622	211,888
Insurance	232	151
Photocopying/printing	4,125	9,770
Office related supplies	6,863	3,596
Membership fees	242	544
General advertising	43,787	22,271
Freight and customs	88,057	11,991
Telephone	16,995	9,852
Repairs and maintenance	34,498	4,009
Vehicle operations	1,610	863
Equipment rentals	2,828	
Facilities rentals	1,518	77,344
Protective clothing	55	
Food costs	6,547	1,288
Laundry and drycleaning	393	
Computer supplies	226,727	63,764
Contracted services	96,886	69,032
Educational materials	158,493	3,099
Daycare operations	13,176	
Student related	114,804	79,900
Minor equipment and tools	306,442	66,173
Minor computer equipment	205,667	
Materials and supplies	382,449	316,992
Contribution to projects	38,471	
	$ 3,754,257	$ 2,128,083

See accompanying notes.

Schedule 13

College of the North Atlantic
Summary of Expenditures
Year Ended March 31, 2003

	2003	2002
Salaries and benefits	$ 66,563,654	$ 63,355,202
Professional development	440,749	529,765
Employee recognition and wellness	14,604	8,445
Professional fees	828,786	580,387
Travel	1,685,423	1,836,986
Recruitment and relocation	95,966	121,986
Insurance	232,513	194,412
Interest charges	63,614	
Bank charges	96,686	105,615
Photocopying/printing	598,177	584,948
Office related supplies	501,446	427,299
Membership fees	78,083	98,763
General advertising	822,921	898,106
Doubtful receivables	94,803	141,046
Freight and customs	390,221	312,786
Telephone	1,018,211	990,737
Utilities	1,199,152	982,382
Repairs and maintenance	1,182,715	1,368,224
Vehicle operations	556,193	476,554
Equipment rentals	187,131	165,617
Facilities rentals	1,187,803	1,182,204
Protective clothing	52,248	45,522
Amortization	4,622,518	4,826,939
Loss of assets	1,233	114,110
Loss on disposal of capital assets		59,549
Food cost	860,780	774,259
Laundry and drycleaning	23,440	17,300
Textbooks and supplies	2,034,267	2,232,998
Computer supplies	1,675,546	1,558,192
Contracted services	705,670	768,977
Educational materials	491,175	334,792
Daycare operations	118,250	92,812
Student related	685,918	490,773
Minor equipment and tools	783,625	886,905
Minor computer equipment	653,540	
Materials and supplies	2,812,712	3,292,332
Contributions to projects	605,070	685,869
	$ 93,964,843	$ 90,542,793

College of the North Atlantic
Notes to Financial Statements
Year Ended March 31, 2003

Authority and Purpose

The College of the North Atlantic (the College) operates under the authority of the College Act, 1996, Province of Newfoundland and Labrador. In accordance with Section 6 of the College Act, 1996, the College is a statutory crown corporation and as such is not subject to either Federal or Provincial income taxes and is exempt from Municipal taxes. The College is Newfoundland and Labrador's public college. The College is committed to providing accessible, responsive, quality learning opportunities which prepare people to become self-sufficient contributors to social and economic development both in a provincial and global context.

1 Significant accounting policies:

The financial statements of the College have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the College are as follows:

(a) *Revenue recognition*

The College follows the deferral method of accounting for contributions which includes donations and government grants. Grants for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditures incurred. Grants for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

Revenue from contractual services is recognized as the service is delivered.

(b) *Basis of accounting*

The College follows the accrual basis of accounting.

(c) *Inventory*

Inventory which consists mainly of books and food supplies is recorded at the lower of cost or net realizable value

(d) *Capital Assets*

Capital assets recorded prior to the April 1, 1997 amalgamation of the former Colleges are recorded at either cost, nominal, or approximate fair value. Capital assets acquired after April 1, 1997 are recorded at cost. Amortization is recorded on a straight line basis using the following estimated useful lives:

Artwork	No amortization
Capital improvements	10 and 5 years
Computer and peripherals	3 years
Furnishings	5 years
Instructional equipment	5 years
Other electronic equipment	5 years
Software	3 years
Vehicles	5 years

One half year's amortization is taken in the year of acquisition.

The value of donated artwork has not been recorded in these financial statements. Due to the inability to secure professional appraisal services, an accurate valuation of donated artwork could not be obtained at March 31, 2003.

Minor equipment purchases are charged to operations in the year of acquisition.

On disposal, assets are removed from the accounts at their net book value. Proceeds from disposals are recorded and any resulting gain or loss on disposal is realized.

(e) *Severance and vacation pay*

Severance and vacation pay are recorded on an accrual basis.

The College is liable for severance pay to employees who have nine or more years of continuous public service. An amount has been recorded in the financial statements to reflect this liability. No provision for severance has been made for employees with less than the required years of service.

(f) *Foreign Currencies*

Transactions in foreign currencies are recorded in Canadian dollars at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the Balance Sheet date. Exchange gains or losses arising from the translations are included in the Statement of Operations.

2 Receivables

	2003	2002
Government of Newfoundland and Labrador	$ 2,555,946	$ 1,922,606
HRD Subsidy	3,033,343	2,217,636
Students	1,065,593	780,445
Other	3,471,881	4,912,863
	10,126,763	9,833,550
Less allowance for doubtful accounts	486,791	407,567
	$ 9,639,972	$ 9,425,983

3 Capital assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Artwork	$ 5,500	$	$ 5,500	$ 5,500
Capital improvements	6,010,419	4,887,604	1,122,815	1,052,712
Computer and peripherals	15,696,047	13,465,522	2,230,525	3,810,501
Furnishings	735,939	634,561	101,378	124,011
Instructional equipment	25,468,702	20,489,389	4,979,313	3,903,193
Other electronic equipment	544,222	436,904	107,318	50,501
Software	394,781	283,814	110,967	173,950
Vehicles	3,356,325	2,421,800	934,525	711,868
	$ 52,211,935	$ 42,619,594	$ 9,592,341	$ 9,832,236

The land and buildings being used by the College, with the exception of some rental property, are the properties of the Province of Newfoundland and Labrador. Expenditures for repairs and maintenance of these buildings, paid by the Province, are not recorded in the financial statements of the College.

4 Trust accounts

Trust accounts represent donations and related interest restricted for scholarships, awards and other specified purposes. Changes in the trust account balance are as follows:

	2003	2002
Opening balance	$ 388,706	$ 376,477
Deposits	6,050	23,479
Payments	(34,052)	(24,752)
Interest	13,590	13,502
Closing balance	$ 374,294	$ 388,706

At year end, the trust accounts were invested as follows:

	2003	2002
RB Securities	$ 374,294	$ 388,706
Miscellaneous scholarships in general account	16,408	8,276
	$ 390,702	$ 396,982

5 Deferred capital contributions

Deferred capital contributions represent the unamortized amount of grants and special funding received for the purchase of capital assets. Changes in the deferred capital contributions balances are as follows:

		2003	2002
Balance, beginning of year		$ 3,073,815	$ 3,372,746
Contributions received for capital purposes	- Provincial grants	676,831	514,493
	- Special projects	2,302,658	563,489
Amortization of deferred capital contributions		(1,563,403)	(1,376,913)
		$ 4,489,901	$ 3,073,815

6 Pensions

Under Section 26 of the College Act, 1996. College staff are subject to the Public Service Pension Act, 1996. Employee contributions are matched by the College and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire.

7 Lease commitments

The College leases some equipment under long-term operating leases. Lease payments for the next five years, committed under operating leases extending beyond one year, are as follows:

2003-2004	$ 389,941
2004-2005	321,603
2005-2006	311,264
2006-2007	164,150
2007-2008	3,122

8 Comprehensive Agreement with the State of Qatar

The College has a comprehensive agreement with the State of Qatar to establish, staff, operate and administer a College of Applied Arts and Technology in Doha, Qatar for a ten year period, September 30, 2001 to August 31, 2012. The agreement is funded by the State of Qatar. For its services, the College is paid an annual Management Fee of 10% of base salaries.

9 Financial instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to the relatively short periods to maturity of these instruments.

10 Rental Accrual

Included in accounts payable is an accrual totaling $ 755,518 for unpaid lease payments and related interest for rental of Labrador West campus. The monthly lease amount was raised from $50,000 to $80,000, however based on directions from the Department of Works, Services and Transportation, the College continues to pay the original lease amount. As of the financial statement date, the outcome of any possible litigation regarding this dispute could not be determined. It is possible the College could have a recovery of some portion of this accrued liability.

11 Comparative figures

Certain of the 2002 comparative figures have been reclassified to conform to the financial presentation adopted in 2003.

Conseil scolaire francophone provincial
de Terre-Neuve et du Labrador

(Name of School District)

FINANCIAL STATEMENTS / AUDITOR'S REPORT

June 30, 2002

NKHK
CHARTERED
ACCOUNTANTS

Suite 201, 516 Topsail Rd., St. John's, Nfld A1E 2C5
Tel (709) 364•5600 Fax (709) 368 • 9146 E-mail info@nkhk.nf.ca

AUDITORS' REPORT

To the Trustees of
Conseil scolaire francophone provincial de Terre Neuve
et du Labrador

We have audited the balance sheet of the current and capital funds of the Conseil scolaire francophone provincial de Terre Neuve et du Labrador as at June 30, 2002 and the related statements of current revenues, expenditures and District equity, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at June 30, 2002 and the results of its operations and changes in its capital financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.

NKHK Chartered Accountants

St. John's, Newfoundland
August 23, 2002

Conseil scolaire francophone provincial
BALANCE SHEET
June 30, 2002

	2002	2001
Assets		
Current Assets		
Cash (Supp. Info. 1)	$ 13 542	$ 8 855
Short Term Investments (Supp. Info. 2)	100 000	200 000
Accounts Receivable (Note 2)	199 454	66 227
HST Receivable	18 116	19 053
Prepaid Expenses (Supp. Info. 3)	45 759	11 465
Total Current Assets	376 871	305 600
Property and Equipment (Sch. 8)	478 344	293 685
	$ 855 215	$ 599 285
Liabilities and Board Equity		
Current Liabilities		
Due to the Government of Newfoundland & Labrador	104 990	$ 95 887
Accounts Payable and Accrued (Note 3)	165 419	76 984
Current Maturities	-	-
Total Current Liabilities	270 409	172 871
Long-Term Debt	-	-
Severance Pay Benefits - Teaching staff (Note 5)	80 724	132 294
Severance Pay Benefits - Non-teaching staff (Note 5)	30 875	27 044
Other Employee Benefits - Vacation pay	25 748	19 101
Deferred Revenue	57 400	133 250
	194 747	311 689
Board Equity		
Investment In Capital Assets (Note 4)	478 344	293 685
Board Equity (Deficit)	(88 285)	(178 960)
Total Board Equity	390 059	114 725
	855 215	$ 599 285

See Accompanying Notes

Approved:

Chairperson Director of Education

Conseil scolaire francophone provincial

Statement of Current Revenues, Expenditures and Board Equity (Deficiency)

Year Ended June 30, 2002

	2002	2001
Current Revenue (Schedule 1)		
Federal Government Grants	$ 1 089 250	$ 1 005 025
Provincial Government Grants	2 837 791	2 516 807
Donations	-	-
Ancillary Services	25 000	25 000
Miscellaneous	25 916	100 465
	3 977 957	3 647 297
Current Expenditures		
Pupil Services - federal grant	435 117	401 057
Administration - federal grant (Schedule 2)	573 243	558 002
Programs - federal grant	129 000	104 800
Instruction (Schedule 3)	2 248 013	2 062 366
Operations and Maintenance (Schedule 4)	358 941	383 113
Pupil Transportation (Schedule 5)	175 286	140 240
Ancillary Services (Schedule 6)	-	-
Interest Expense	-	-
Miscellaneous Expense (Schedule 7)	3	1 332
	3 919 603	3 660 910
23 111 Excess of Revenue over Expenditure before undernoted item	58 354	(3 613)
Transfer to Capital Fund	19 247	43 053
Excess of Expenditure over Revenue for the Period	39 107	(46 666)
Teacher severance pay accrual (Note 5)	51 568	28 124
Adjusted excess of Expenditure over Revenue	90 675	(18 542)
District Equity, Beginning of Year	(178 960)	(160 418)
Fund Balance (Deficiency), End of the Period	$ (88 285)	$ (178 960)

See Accompanying Notes

Conseil scolaire francophone provincial

Statement of Changes in Financial Position
Year Ended June 30, 2002

		2002	2001
60	**Operating Activities**		
	011 Excess of Revenue over Expenditures (Expenditures over Revenue)	90 675	(18 542)
	012 Changes in Non-Cash Working Capital		
	013 - Short Term Investments	100 000	(200 000)
	014 - Accounts Receivable	(132 290)	112 806
	015 - Prepaid Expenses	(34 294)	(210)
	- Deferred Charges	-	-
	014 - Accounts Payable & Accrued Expenses	97 538	(2 416)
	015 - Amortization of deferred expenses	-	-
	016 Other - Severance pay accrual	(47 739)	(25 534)
	Other - Other employee benefits	6 647	5 752
	Other - Deferred revenue	(75 850)	133 250
		4 687	5 106
61	**Financing Activities**		
	011 Proceeds form Bank Loans	-	-
	012 Grants - Capital	184 659	43 053
	013 Other Capital Revenue	-	-
	014 Changes in Long-Term Debt	-	-
	015 Other	-	-
		184 659	43 053
62	**Investing Activities**		
	011 Proceeds in Sale of Capital Assets	-	-
	012 Additions to Property and Equipment	(184 659)	(43 053)
	013 Other	-	-
		(184 659)	(43 053)
63	**Increase (decrease) in Cash**	4 687	5 106
64	**Cash, Beginning of the Period**	8 855	3 749
65	**Cash, End of the Period**	$ 13 542	$ 8 855

See Accompanying Notes

Conseil scolaire francophone provincial

Statement of Changes in Capital Fund

Year Ended June 30, 2002

		2002	2001
70	**Capital Receipts**		
71	**Proceeds from Bank Loans**		
	011 - School Construction	$ -	$ -
	012 - Equipment	-	-
	013 - Service Vehicles	-	-
	014 - Pupil Transportation	-	-
	015 - Other	-	-
		-	-
72	**Federal Grants**		
	011 School Construction and Equipment	-	-
	012 Other	-	-
		-	-
73	**Donations**		
	011 - Cash Receipts	-	-
	012 - Non-Cash Receipts	-	-
	013 - Restricted Use	-	-
		-	-
74	**Sale of Capital Assets - Proceeds**		
	011 - Land & 012 Buildings	-	-
	013 - Equipment	-	-
	014 - Service Vehicles	-	-
	015 - Pupil Transportation Vehicles	-	-
	016 - Other	-	-
		-	-
75	**Other Capital Revenues**		
	011 - Interest on Capital Fund Investments	-	-
	012 - Premiums on Debentures	-	-
	013 - Recoveries of Expenditures	-	-
	015 - Insurance Proceeds	-	-
	016 - Native Peoples Grants	-	-
	017 - Miscellaneous		
	- Department of Education Capital Grants	165 412	-
	- Department of Education Info Technology Grants	-	-
	- Cost sharing for Info Technology Grants	-	-
	Total Capital Receipts	165 412	-
77	**Transfer from Reserve Account**	-	-
78	**Transfer to/from Current Fund**	19 247	43 053
	Total	$ 184 659	$ 43 053

See Accompanying Notes

Conseil scolaire francophone provincial

Statement of Changes in Capital Fund (Cont'd)

Year Ended June 30, 2002

		2002	2001
80	Capital Disbursements		
81	Additions to Property & Equipment		
011	- Land and Sites	$ -	$ -
012	- Buildings	165 412	-
013	- Furniture & Equipment - School	5 705	39 507
014	- Furniture & Equipment - Other	13 542	3 546
015	- Service Vehicles	-	-
016	- Pupil Transportation	-	-
017	- Other	-	-
		184 659	43 053
82	Principal Repayment of Long Term Debt		
011	- School Construction	-	-
012	- Equipment	-	-
013	- Service Vehicles	-	-
014	- Other	-	-
		-	-
83	Miscellaneous Disbursements		
013	- Other	-	-
	Total Capital Disbursements	$ 184 659	$ 43 053

Conseil scolaire francophone provincial

Notes to the Financial Statements
Year Ended June 30, 2002

1. Significant Accounting Policies:

The accompanying financial statement have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting, is as follows:

1. Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues.
2. Fixed asset additions are recorded at full cost in the capital fund.
3. The District does not calculate or record depreciation on any of its fixed assets.

Conseil scolaire francophone provincial

Notes to the Financial Statements
Year Ended June 30, 2002

		2002	2001
2.	**Accounts Receivable**		
	Current		
11	131 Provincial Government	$ 32 038	$ 52 688
	132 Transportation		
	133 Federal Government	139 157	6 750
	136 Other School Districts	-	-
	137 Rent	25 000	-
	138 Interest	309	300
	139 Travel Advances and Misc.	2 950	6 489
	Capital		
11	231 EIC - Construction Grants		
	233 Local Contributions		
	234 Other School Districts		
	235 Other		
		199 454	66 227

Conseil scolaire francophone provincial

Notes to the Financial Statements
Year Ended June 30, 2002

3. Accounts Payable and Accrued

			2002	2001
	Current			
21	111 Trade Payable		$ 12 520	$ 24 302
	112 Accrued	- Liabilities	124 460	21 900
	113	- Interest	-	-
	114	- Wages	28 439	30 782
	115 Payroll Deductions			
	116 Retail Sales Tax			
	117 Deferred Grants			
	118 Other		-	-
	Capital			
21	211 Trade Payable			
	212 Accrued	- Liabilities		
	213	- Interest		
	217 Deferred Grants			
	218 Other			
			165 419	76 984

Conseil scolaire francophone provincial

Notes to the Financial Statements
Year Ended June 30, 2002

		2002	2001
4.	Investment in Capital Assets, beginning of year	$ 293 685	$ 250 632
	Add:		
	Transfer of Operating Funds to Capital Fund	19 247	43 053
	Grants		
	- EIC - Contribution for Capital Construction		
	- Other		
	Capital Projects funded by EIC but paid directly to other souces on behalf of the District	165 412	
	Donations		
	Proceeds from the sale of Capital Assets		
	- Land		
	- Buildings		
	- Equipment		
	- Vehicles		
	- Other		
	Interest on Capital Fund Investments		
	Recoveries of Expenditures		
	Insurance Proceeds - Capital		
	Native Peoples Grants - Capital		
	Miscellaneous		
		184 659	43 053
	Deduct Adjustments		
	Cost of assets sold		
	- Land		
	- Buildings		
	- Equipment		
	- Vehicles		
	- Other	-	-
		-	-
	Other		-
23 221	Investment in Capital Assets, end of year	$ 478 344	$ 293 685

5. Accrued Severance Leave

The amount of $(51,568) for teachers' severance costs and the amount of $3,829 for non-teaching staff severance costs are included in expenses. The amount of $80,724 for teachers' severance costs and the amount of $30,875 non-teaching staff severance costs for a total of $111,599 are included in the liabilities.

The adjustment for teachers' severance pay is required by the Department of Education of the Government of Newfoundland and Labrador and has no impact on the operation of the School Board. No account receivable is included in the accounts to offset this liability.

The accrued severance leave for non-teaching personnel is funded out of the board's regular operating grants.

Conseil scolaire francophone provincial

Current Revenues
Year Ended June 30, 2002

	2002	2001
Current Revenues		
Federal Government Grants		
Regular Operating Grants	$ 1 089 250	$ 1 005 025
32 010 **Provincial Government Grants**		
011 Regular Operating Grants	$ 521 175	$ 513 065
016 Special Grants		
- French Immersion	-	-
- Official Language Monitor	33 457	46 758
- French Language recuperation	-	-
- Textbook credit allocation	106	547
- Communication Tech	-	-
- Other	64 525	2 829
Salaries and Benefits		
017 - Superintendent and Asst. Supts.	-	-
021 - Regular Teachers	1 942 928	1 745 277
022 - Substitute Teachers	69 050	51 941
- Student Assistants	31 264	18 767
030 - Pupil Transportation	-	-
031 - Board Owned	-	-
032 - Contracted	175 286	137 623
033 - Handicapped	-	-
	2 837 791	2 516 807
33 010 **Donations**		
012 Cash Receipts	-	-
013 Non Cash Receipts	-	-
014 Restricted Use	-	-
	-	-
34 010 **Ancillary Services**		
011 Revenues from Rental of Residences	-	-
021 Revenues from Rental of Schools and Facilities (Net)	-	-
031 Cafeterias	-	-
032 Other	25 000	25 000
	25 000	25 000

Conseil scolaire francophone provincial

Current Revenues

Year Ended June 30, 2002

		2002	2001
35 010	**Miscellaneous**		
011	Interest on Investments	$ 4 304	$ 1 982
012	Bus Charters	-	-
021	Recoveries of Expenditures (Workers' Comp.)	-	-
031	Revenues from Other School Boards	-	-
051	Insurance Proceeds	-	-
061	Bilingual Education Revenue	-	-
071	Operating Rev. from Native Peoples Grant	-	-
081	Miscellaneous Federal Grants	(3 850)	68 690
091	Textbooks	-	-
092	Other		
	- Mining Company Grants	21 806	24 074
	- User pay bussing	-	680
	- Tutoring for tuition	700	400
	- Sundry	2 956	4 639
		25 916	100 465
	Total Current Revenues	$ 3 977 957	$ 3 647 297

Conseil scolaire francophone provincial

Administration Expenditures
Year Ended June 30, 2002

		2002	2001
51	Salaries and Benefits		
	011 - Superintendents and Assistant Superintendents	166 165	150 616
	012 - Board Office Personnel	192 410	207 940
	013 Office Supplies	4 359	5 999
	014 Replacement Furniture and Equipment	408	-
	015 Postage	4 245	3 362
	016 Telephone	21 948	18 845
	017 Office Equipment Rentals and Repairs	17 761	3 544
	018 Bank Charges	2 435	3 433
	019 Electricity	-	-
	021 Fuel	-	-
	022 Insurance	-	-
	023 Repairs and Maintenance - Office Building	827	-
	024 Travel	27 224	22 078
	025 Board Meeting Expenses	28 860	30 381
	026 Election Expenses	-	-
	027 Professional Fees	30 407	31 858
	028 Advertising - Recrutement	23 957	25 883
	029 Membership Dues	9 279	9 086
	031 Municipal Service Fees	-	-
	032 Rental of Office Space	37 660	34 982
	033 Relocation Expenses	-	-
	034 Miscellaneous	672	163
	Forums	2 284	6 656
	035 Payroll Tax	-	2 533
	Training	$ 2 342	643
	Total Administration Expenditures	$ 573 243	$ 558 002

Conseil scolaire francophone provincial

Instruction Expenditures
Year Ended June 30, 2002

		2002	2001
# 10	**Instructional Salaries (Gross)**		
11	Teachers' Salaries - Regular	$ 1 634 317	$ 1 459 619
12	- Substitute	62 764	44 248
13	- Board Paid	6 629	4 626
14	Augmentation	-	-
15	Employee Benefits	274 345	255 246
16	School Secretaries - Salaries & Benefits	48 325	61 900
17	Payroll Tax	34 267	30 413
18	Other - Salaries & Benefits - program asst	5 441	7 922
	Other - Salaries & Benefits - student asst	27 280	23 065
	Other - Salaries & Benefits - Labrador	19 730	28 700
		2 113 098	1 915 739
# 40	**Instructional Materials**		
41	General Supplies	13 213	15 529
42	Library Resource Materials	-	2 168
43	Teaching Aids	16 820	20 057
44	Textbooks	4 304	6 015
		34 337	43 769
# 60	**Instructional Furniture and Equipment**		
61	Replacement	4 371	2 235
62	Rentals and Repairs	5 299	7 866
		9 670	10 101
# 80	**Instructional Staff Travel**		
81	Program Co-ordinators	31 704	15 074
82	Teachers' Travel	18 585	19 746
83	Inservice and Conferences	4 347	7 387
		54 636	42 207
# 90	**Other Instructional Costs**		
91	French Monitor Program	36 272	50 782
92	Miscellaneous		
	- Tuition costs - Fermont, Québec	-	(5 500)
	- Gym & pool rental - St. John's	-	5 268
		36 272	50 550
	Total Instruction Expenditures	$ 2 248 013	$ 2 062 366

Schedule 4

Conseil scolaire francophone provincial

Operations and Maintenance Expenditures - Schools
Year Ended June 30, 2002

			2002	2001
53	011	Salaries - Janitorial	$ 111 766	$ 111 008
	012	- Maintenance - Summer	3 736	-
	013	Payroll Tax	-	-
	014	Electricity	76 352	73 673
	015	Fuel	7 496	10 244
	016	Municipal Service Fee	6 814	6 355
	017	Telephone	25 028	22 502
		Communications - Distance education	1 462	-
	018	Vehicle Operating and Travel	-	-
	019	Janitorial Supplies	9 857	15 702
	021	Janitorial Equipment	-	-
	022	Repairs and Maintenance - Buildings	31 311	58 599
	023	- Equipment	-	-
	024	Contracted Services - Janitorial	-	-
	025	Snow Clearing	24 749	24 009
	026	Rentals	60 370	58 582
	027	Other (Miscellaneous)	-	2 439
		Total Operations and Maintenance	$ 358 941	$ 383 113

Schedule 5

Conseil scolaire francophone provincial

Pupil Transportation Expenditure
Year Ended June 30, 2002

			2002	2001
54	010	Operation and Maintenance of Board Owned Fleet	$ -	$ -
	011	Salaries and Benefits- Administration		
	012	- Drivers and	-	-
		Mechanics	-	-
	013	Payroll Tax	-	-
	014	Debt Repayment- Interest	-	-
	015	- Principal	-	-
	016	Bank Charges	-	-
	017	Gas and Oil	-	-
	018	Licenses	-	-
	019	Insurance	-	-
	021	Repairs and Maintenance - Fleet	-	-
	022	- Building	-	-
	023	Tires and Tubes	-	-
	024	Heat and Light	-	-
	025	Municipal Service	-	-
	026	Snow Clearing	-	-
	027	Office Supplies	-	-
	028	Rent	-	-
	029	Travel	-	-
	031	Professional Fees	-	-
	032	Miscellaneous	-	-
	033	Telephone	-	-
	034	Vehicle Leases	-	-
			-	-
54	040	Contracted Services		
	041	Regular Transportation	175 286	140 240
	042	Handicapped	-	-
			175 286	140 240
		Pupil Transportation Expenditures	$ 175 286	$ 140 240

Conseil scolaire francophone provincial

Ancillary Services and Miscellaneous Expenses
Year Ended June 30, 2002

Schedule 6

Ancillary Services

The Board owns and operates the following ancillary services:

#	Ancillary Services	2002	2001
011	Operation of Teachers' Residences	$ -	$ -
031	Cafeterias	-	-
032	Other - Environmental Centre	-	-
		$ -	$ -

Schedule 7

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

	2002	2001
NLSBA fees	-	-
Board Office related fire expenses	-	-
Other	3	1 332
# 011 **Miscellaneous Expenses**	$ 3	$ 1 332

Schedule 8

Conseil scolaire francophone provincial

Details of Property and Equipment
Year Ended June 30, 2002

	Balance July 1, 2001	Additions	Disposals	Balance June 30, 2002
12 210 **Land and Sites**				
211 Land and Sites	$ -	$ -	$ -	$ -
12 220 **Buildings**				
221 Schools	-	165 412	-	165 412
222 Administration	-		-	-
223 Residential	-	-	-	-
224 Recreational	-	-	-	-
225 Other	-	-	-	-
	-	165 412	-	165 412
12 230 **Furniture and Equip.**				
231 Schools	197 561	5 705	-	203 266
232 Administration	96 124	13 542	-	109 666
233 Residential	-	-	-	-
234 Recreation	-	-	-	-
235 Other	-	-	-	-
	293 685	19 247	-	312 932
12 240 **Vehicles**				
241 Service Vehicles	-	-	-	-
12 250 **Pupil Transportation**				
251 Land	-	-	-	-
252 Building	-	-	-	-
253 Vehicles - Buses	-	-	-	-
254 - Service	-	-	-	-
255 Equipment	-	-	-	-
256 Other	-	-	-	-
	-	-	-	-
12 260 **Misc. Capital Assets**				
261 Other	-	-	-	-
Total Property and Equipment	$ 293 685	$ 184 659	$ -	$ 478 344

Schedule 9

Conseil scolaire francophone provincial

Details of Long Term Debt
Year Ended June 30, 2002

	2002	2001
# 210 Loans Other than Pupil Transportation	$	$
Ref. #		
211 **Bank Loans**		
___ Repayable $________monthly, maturing _____	-	-
___ Repayable $________monthly, maturing _____	-	-
___ Repayable $________monthly, maturing _____	-	-
___ Repayable $________monthly, maturing _____	-	-
___ Repayable $________monthly, maturing _____	-	-
___ Repayable $________monthly, maturing _____	-	-
Total 211	-	-
212 **Mortgages**		
___ Repayable $________annually, maturing ______	-	-
___ Repayable $________monthly, maturing ______	-	-
___ Repayable $________monthly, maturing ______	-	-
___ Repayable $________monthly, maturing ______	-	-
___ Repayable $________monthly, maturing ______	-	-
___ Repayable $________monthly, maturing ______	-	-
Total 212	-	-
213 **Debentures**		
___ Repayable $________annually, maturing ______	-	-
___ Repayable $________monthly, maturing ______	-	-
Total 213	-	-
Subtotal	-	-
215 Less Current Maturities	-	-
Total Loans Other Than Pupil Transportation	-	-

Schedule 9 (Cont'd)

Conseil scolaire francophone provincial

Details of Long Term Debt
Year Ended June 30, 2002

	2002	2001
22 ## Loans - Pupil Transportation		
Ref. #		
## **Vehicle Bank Loans**		
____ Repayable $______monthly, maturing _____	$ -	$
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
Total 221	-	-
## **Land, Buildings and Equipment Bank Loans**		
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
Total 222	-	-
Subtotal	-	-
## Less Current Maturities	-	-
Total Loans - Pupil Transportation	-	-
Total Long Term Debt	$ -	$ -

Schedule 9A

Conseil scolaire francophone provincial

Summary of Long Term Debt
Year Ended June 30, 2002

Description	Ref#	Rate	Balance Beginning of Period	Loans Obtained During Period	Principal Repayment for Period	Balance End of Period
A) School Construction			$ -	$ -	$ -	$ -
B) Equipment			-	-	-	-
C) Service Vehicles			-	-	-	-
D) Other						
Integrated Education Council 8% - 9 3/4%			-	-	-	-
E) Pupil Transportation			-	-	-	-
Total Loans			$ -	$ -	$ -	$ -

Schedule 9B

Conseil scolaire francophone provincial

Schedule of Current Maturities
Year Ended June 30, 2002

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction	$ -	$ -	$ -	$ -	$ -
B) Equipment	-	-	-	-	-
C) Service Vehicles	-	-	-	-	-
D) Other	-	-	-	-	-
E) Pupil Transportation	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -

Conseil scolaire francophone provincial

Schedule of Interest Expense
Year Ended June 30, 2002

56 010

Description	2002	2001
012 **Capital**		
School Construction	$ -	$ -
IEC	-	-
Equipment	-	-
Service Vehicles	-	-
Other		
Energy Management	-	-
Total Capital	-	-
013 **Current** - Operating Loans	-	-
014 - Supplier Interest	-	-
- Charges	-	-
Total Current	-	-
Total Interest Expense	$ -	$ -

Conseil scolaire francophone provincial

Supplementary Information
Year Ended June 30, 2002

1. Cash

			2002	2001
		Current		
11	110	Cash on Hand and in Bank	$ -	$ -
	111	Cash on Hand	-	-
	112	Bank - Current	13 542	8 855
	113	- Savings	-	-
	114	- Teachers' Payroll	-	-
	115	- Non Teachers' Payroll	-	-
	116	- Coupon (Debenture)	-	-
	117	- Other (Petty Cash)	-	-
			13 542	8 855
		Capital		
11	210	Cash on Hand and in Bank	-	-
	211	Cash on Hand	-	-
	212	Bank - Current	-	-
	213	- Savings	-	-
	214	- Other	-	-
			-	-
		Total Cash on Hand and in Bank	13 542	8 855

2. Short Term Investments

			2002	2001
		Current		
11	121	Term Deposits	100 000	200 000
	122	Canada Savings Bonds	-	-
	123	Other		
		- Canada Treasury Bills	-	-
		- Mutual Funds	-	-
		- Balance in Broker account	-	-
		- Guaranteed Investment Certificate	-	-
		Capital		
11	221	Term Deposits	-	-
	222	Canada Savings Bonds	-	-
	223	Other	-	-
		Total Short Term Investments	$ 100 000	$ 200 000

Conseil scolaire francophone provincial

Supplementary Information
Year Ended June 30, 2002

		2002	2001
3.	Prepaid Expenses		
	Current		
11 141	Insurance		
142	Municipal Service Fees	$ -	$ -
143	Supplies	-	-
144	Other		
	- Building Lease - July month	8 085	-
	- Workers' Compensation Commission	6 969	6 685
	- Garbage collection	-	-
	- Vehicle insurance	-	-
	- Airplane Tickets	12 753	3 991
	- Strategic Planning - advance	13 818	
	- Moving expenses - advance	4 134	
	- Other	-	789
		-	
	Capital	-	-
11 241	Other		
		$ 45 759	$ 11 465

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Minister of Government Services and Lands
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Consumer Protection Fund for Prepaid Funeral Services as at 31 March 2003 and the statements of revenue, expenditure and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
27 May 2003

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

BALANCE SHEET

31 MARCH 2003

	2003	2002
ASSETS		
Current		
Accounts receivable	$ 646	$ 598
LIABILITIES AND DEFICIT		
Current		
Bank overdraft (Note 2)	$ 132,835	$ 118,561
Accounts payable and accrued liabilities	1,200	4,665
	134,035	123,226
Liability for claims arising from prepaid funeral services contracts (Note 3)	308,930	354,960
	442,965	478,186
Deficit	(442,319)	(477,588)
	$ 646	$ 598

See accompanying notes

Signed on behalf of the Fund:

George Sweeney

Minister of Government Services and Lands

Deputy Minister of Government Services and Lands

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
REVENUE		
Assessments (Note 4)	$ 42,743	$ 21,987
EXPENDITURE		
Claims arising from prepaid funeral services contracts (Note 3)	172	492,790
Interest and bank charges	5,863	2,718
Professional services	1,439	4,067
	7,474	499,575
Excess of revenue over expenditure (expenditure over revenue)	35,269	(477,588)
Deficit, beginning of year	(477,588)	-
Deficit, end of year	$(442,319)	$(477,588)

See accompanying notes

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
Cash flows from operating activities		
Excess of revenue over expenditure (expenditure over revenue)	$ 35,269	$(477,588)
Change in non-cash working capital	(3,513)	4,067
	31,756	(473,521)
Cash flows from financing activities		
Liability for claims arising from prepaid funeral services contracts	172	492,790
Payment of claims arising from prepaid funeral services contracts	(46,202)	(137,830)
	(46,030)	354,960
Net decrease in cash	(14,274)	(118,561)
Bank overdraft, beginning of year	(118,561)	-
Bank overdraft, end of year	$(132,835)	$(118,561)

See accompanying notes

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

The Consumer Protection Fund for Prepaid Funeral Services (the Assurance Fund) was established under the *Prepaid Funeral Services Act* for the purpose of paying in whole or in part, claims arising out of a prepaid funeral contract against a person who holds or held a licence under the *Act*.

1. Significant accounting policies

These financial statements have been prepared by the Assurance Fund in accordance with Canadian generally accepted accounting principles.

2. Bank overdraft

The Assurance Fund has a $200,000 revolving demand credit facility guaranteed by the Province. Interest is charged at the bank's prime rate. As at 31 March 2003, $132,835 (2002 - $118,561) had been drawn down on this line of credit.

3. Claims arising from prepaid funeral services contracts

Claims arising from prepaid funeral services contracts resulted from the failure of a funeral home in Port aux Basques in November 2000 where 88 consumers had purchased prepaid funerals totalling $492,790. During the year, $46,202 (2002 - $137,830) relating to 11 (2002-23) of these prepaid funeral services contracts, was paid from the Assurance Fund.

All payments made to funeral homes which subsequently performed the contracted services, are net of Harmonized Sales Tax (HST), pending a ruling from the Canada Customs and Revenue Agency (CCRA). The Province is in the process of determining whether the closed funeral home in Port aux Basques had submitted HST to the CCRA.

4. Assessments

A seller of prepaid funeral services is required to pay into the Assurance Fund between 1% and 5% of the cost of each prepaid funeral contract depending on the amount held in trust.

5. Financial instruments

The Assurance Fund's financial instruments recognized on the balance sheet consist of accounts receivable, bank overdraft, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity or current market rate associated with these instruments.

6. Related party transactions

The Assurance Fund is administered by employees of the Department of Government Services and Lands. The costs of administration are paid directly by the Department and are not reflected in these financial statements. The costs of administration are offset by licence fees collected by the Department.

7. Income taxes

The Assurance Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

CORMACK TRAIL SCHOOL BOARD
STEPHENVILLE, NEWFOUNDLAND

FINANCIAL STATEMENTS/AUDITOR'S REPORT

June 30, 2002

Auditors' Report

To The Members of The Cormack Trail School Board

We have audited the balance sheet of the current and capital funds of the Cormack Trail School Board as at June 30, 2002, and the related statements of current revenues, expenditures and Board equity, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As required by Section 66 (2) of The Schools Act, we report that the employees whose duties include collecting, receiving or depositing of money are bonded in amounts considered to be sufficient.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2002 and the results of its operations and changes in its capital financial position for the year then ended, in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

Janes, Kung & Roberts
Chartered Accountants

Stephenville, Newfoundland
City

September 16, 2002
Date

Cormack Trail School Board

BALANCE SHEET

June 30, 2002

Assets

	2002	2001
Current Assets		
Cash (Supp. Info. 1)	$ 646,087	$ 745,037
Short Term Investments (Supp. Info. 2)	4,300	--
Accounts Receivable (Note 2)	396,467	211,355
Prepaid Expenses (Supp. Info. 3)	32,993	28,602
Total Current Assets	1,079,847	984,994
Property and Equipment (Sch. 8)	69,552,665	69,011,430
	$ 70,632,512	$ 69,996,424

Liabilities and Board Equity

	2002	2001
Current Liabilities		
Bank Indebtedness (Note 3)	$ --	$ --
Accounts Payable and Accrued (Note 4)	936,913	964,079
Current Maturities (Schedule 9A)	--	--
Total Current Liabilities	936,913	964,079
Long-Term Debt (Schedule 9)	--	--
Severance Pay Accrual	7,398,059	7,145,927
Board Equity		
Investment in Capital Assets (Note 6)	69,605,139	69,063,904
Reserve Account (Note 5)	--	--
Board Equity	(7,307,599)	(7,177,486)
Total Board Equity	62,297,540	61,886,418
	$ 70,632,512	$ 69,996,424

See Accompanying Notes

Approved: Chairman

Secretary

Cormack Trail School Board

Statement of Current Revenues, Expenditures and Board Equity

Year Ended June 30, 2002

	2002	2001
Current Revenue (Schedule 1)		
Provincial Government Grants	$ 36,544,873	$ 35,932,922
Donations	--	--
Ancillary Services	9,750	11,250
Miscellaneous	529,391	523,221
	37,084,014	36,468,393
Current Expenditures		
Administration (Schedule 2)	1,070,033	1,035,996
Instruction (Schedule 3)	30,530,960	29,634,915
Operations and Maintenance (Schedule 4)	3,632,571	3,721,853
Pupil Transportation (Schedule 5)	1,958,936	1,923,064
Ancillary Services (Schedule 6)	6,201	7,797
Interest Expense (Schedule 9C)	19	813
Miscellaneous (Schedule 7)	15,407	19,248
	37,214,127	36,343,688
23 111 Excess of Revenue over Expenditures	(130,113)	124,705
Transfer to/from Capital	--	(123,978)
Net Increase/Decrease in Board Equity	(130,113)	727
Board Equity, Beginning of Year	(7,177,486)	(7,178,213)
	(7,307,599)	(7,177,486)
Less Transferred to Reserve Account	--	--
Board Equity, End of Year	$ (7,307,599)	$ (7,177,486)

See Accompanying Notes

Cormack Trail School Board

Statement of Changes in Financial Position

Year Ended June 30, 2002

			2002	2001
60		Operating Activities		
	011	Excess of Revenue over Expenditures	$ (130,113)	$ 124,705
	012	Changes in Non-Cash Working Capital	--	--
	013	- Short-Term Investments	(4,300)	--
	014	- Accounts Receivable	(185,112)	349,061
	015	- Prepaid Expenses	(4,391)	15,451
	014	- Accounts Payable & Accrued Expenses	(27,166)	(53,405)
	015	- Current Maturities	--	--
	016	Other (Specify)		
		- Increase (Decrease) in Severance Pay Accrual	252,132	(27,485)
			(98,950)	408,327
61		Financing Activities		
	011	Proceeds from Bank Loans	--	--
	012	Grants - Capital	512,273	599,924
	013	Other Capital Revenues	28,962	--
	014	Changes in Long-Term Debt	--	--
	015	Other (Specify)		
		- Recovery of Expenditures	--	--
		- CEC Grant Transferred to French Board	--	--
			541,235	599,924
62		Investing Activities		
	011	Proceeds on Sale of Capital Assets	--	10,000
	012	Additions to Property and Equipment	(541,235)	(733,900)
	013	Other (Specify)	--	--
			(541,235)	(723,900)
63		Increase (Decrease) in Cash	(98,950)	284,351
64		Cash, Beginning of The Year	745,037	460,686
65		Cash, End of The Year	$ 646,087	$ 745,037

See Accompanying Notes

Cormack Trail School Board

Statement of Changes in Capital Fund

Year Ended June 30, 2002

			2002	2001
70		Capital Receipts		
71		Proceeds from Bank Loans		
	011	- School Construction	$ --	$ --
	012	- Equipment	--	--
	013	- Service Vehicles	--	--
	014	- Pupil Transportation	--	--
	015	- Other (Specify)	--	--
			--	--
72		EIC Grants		
	011	School Construction and Equipment	47,912	--
	012	Other	--	--
			47,912	--
73		Donations		
	011	- Cash Receipts	--	--
	012	- Non-Cash Receipts	--	--
	013	- Restricted Use	28,962	--
			28,962	--
74		Sale of Capital Assets - Proceeds		
	011	- Land	--	--
	012	- Buildings	--	10,000
	013	- Equipment	--	--
	014	- Service Vehicles	--	--
	015	- Pupil Transportation Vehicles	--	--
	016	- Other (Specify)	--	--
			--	10,000
75		Other Capital Revenues		
	011	- Interest on Capital Fund Investments	--	--
	012	- Premiums on Debentures	--	--
	013	- Recoveries of Expenditures	--	--
	015	- Insurance Proceeds	--	--
	016	- Native Peoples Grants	--	--
	017	- Miscellaneous - Special Incentives	464,361	641,028
			464,361	641,028
Total Capital Receipts			541,235	651,028
77		Transfer from Reserve Account	--	--
78		Transfer to/from Current Fund	--	123,978
Total			$ 541,235	$ 775,006

See Accompanying Notes

Cormack Trail School Board

Statement of Changes in Capital Fund (Cont'd)

Year Ended June 30, 2002

			2002	2001
80		Capital Disbursements		
81		Additions to Property & Equipment		
	011	- Land and Sites	$ --	$ --
	012	- Buildings	458,167	503,338
	013	- Furniture & Equipment - School	83,068	35,000
	014	- Furniture & Equipment - Other	--	236,668
	015	- Service Vehicles	--	--
	016	- Pupil Transportation	--	--
	017	- Other (Specify)	--	--
			541,235	775,006
82		Principal Repayment of Long-Term Debt		
	011	- School Construction	--	--
	012	- Equipment	--	--
	013	- Service Vehicles	--	--
	014	- Other (Specify)	--	--
			--	--
83		Miscellaneous Disbursements		
	013	- Other (Specify)- Accounts payable	--	--
		Total Capital Disbursements	$ 541,235	$ 775,006

See Accompanying Notes

Cormack Trail School Board

Notes to The Financial Statements

Year Ended June 30, 2002

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

(a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues. Also, amounts paid to construction companies from the EIC on behalf of the Board for capital projects are treated as capital revenues.

(b) Capital asset additions are recorded at full cost in the capital fund.

(c) The Board does not calculate or record amortization on any of its capital assets.

Cormack Trail School Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2002

2. Accounts Receivable

			2002	2001
		Current		
11	131	Provincial Government	$ 127,905	$ 21,132
	132	Transportation	--	--
	133	Federal Government	243,629	163,844
	136	Other School Boards	--	--
	137	Rent	--	--
	138	Interest	--	--
	139	Travel Advances and Miscellaneous	24,933	26,379
			396,467	211,355
		Capital		
11	231	EIC - Construction Grants	--	--
	233	Local Contributions	--	--
	234	Other School Boards	--	--
	235	Other (Specify) - Province	--	--
			--	--
			$ 396,467	$ 211,355

3. Bank Indebtedness

			2002	2001
21	131	On Operating Credit	$ --	$ --
	132	On Capital Account	--	--
			$ --	$ --

4. **Accounts Payable and Accrued**

			2002	2001
		Current		
21	111	Trade Payable	$ 141,322	$ 517,546
	112	Accrued - Liabilities	287,086	69,160
	113	- Interest	--	--
	114	- Wages	20,111	24,187
	115	Payroll Deductions	(1,152)	1,421
	116	Retail Sales Tax	--	--
	117	Deferred Grants	47,769	57,626
	118	Other - Playground donation	4,300	--
		- Vacation Payable	96,609	92,365
		- Severance Pay	7,321,250	7,145,927
			7,897,495	7,908,232
		Capital		
21	211	Trade Payable	--	--
	212	Accrued - Liabilities	326,739	160,668
	213	- Interest	--	--
	217	Deferred Grants	110,739	41,106
	218	Other (Specify)	--	--
			$ 8,334,972	$ 8,110,006

Cormack Trail School Board

Notes to the Financial Statements

Year Ended June 30, 2002

5. Reserve Account

Description:

	2002	2001
Balance, Beginning of Year	$ --	$ --
Less Transfer from Reserve	--	--
	--	--
Add Transfer to Reserve	--	--
Balance, End of Year	$ --	$ --

Cormack Trail School Board

Notes to The Financial Statements

Year Ended June 30, 2002

	2002	2001
6. Investment in Capital Assets, beginning of year	$ 69,063,904	$ [illegible]
Add:		
Transfer of Operating funds to Capital Fund	--	[illegible]
Grants		
- EIC - Contribution for Capital Const.	47,912	--
- Other - Special Incentives	464,361	[illegible]
Capital projects funded by EIC but paid directly to other sources on behalf of Board.	--	--
Donations - Playground equipment	28,962	--
Proceeds from Sale of Capital Assets		
- Land	--	--
- Buildings	--	[illegible]
- Equipment	--	--
- Vehicles	--	--
- Other	--	--
Interest on Capital Fund Investments	--	--
Recoveries of Expenditures	--	--
Insurance Proceeds - Capital	--	--
Native Peoples Grants - Capital	--	--
Miscellaneous (Specify) - Reserve Account	--	--
	69,605,139	[illegible]
Deduct Adjustments:		
Cost of assets sold		
- Land	--	--
- Buildings	--	[illegible]
- Equipment	--	--
- Vehicles	--	--
- Other	--	--
	--	[illegible]
Other	--	--
23 221 Investment in Capital Assets, End of Year	$ 69,605,139	$ [illegible]

Cormack Trail School Board

Notes to The Financial Statements

Year Ended June 30, 2002

7. Commitments

At balance sheet date the Board had the following commitments:

8. Other (Please Specify)

Cormack Trail School Board

Current Revenues

Year Ended June 30, 2002

Current Revenues	2002	2001
32 010 **Provincial Government Grants**		
011 Regular	$ 5,666,121	$ 5,763,200
016 Special Grants (Details on bottom of Schedule 1)	46,920	58,236
Salaries and Benefits		
017 - Directors and Asst. Directors	282,527	248,577
021 - Regular Teachers	27,027,163	26,530,014
022 - Substitute Teachers	825,216	764,962
023 - Student Assistants	706,352	651,724
030 Pupil Transportation		
031 - Board Owned	--	--
032 - Contracted	1,736,338	1,669,343
033 - Handicapped	252,236	246,766
	36,544,873	35,932,822
33 010 **Donations**		
012 Cash Receipts	--	--
013 Non-Cash Receipts	--	--
014 Restricted Use	--	--
	--	--

Schedule 1 (Cont'd)

Cormack Trail School Board

Current Revenues

Year Ended June 30, 2002

		2002	2001
34 010	**Ancillary Services**		
011	Revenues from Rental of Residences	$ 9,730	$ [illegible]
021	Revenues from Rental of Schools and Facilities (Net)	--	--
031	Cafeterias	--	--
032	Other - (Specify)	--	--
		9,730	[illegible]
35 010	**Miscellaneous**		
011	Interest on Investments	27,462	[illegible]
012	Bus Charters	--	--
021	Recoveries of Expenditures	192,264	[illegible]
031	Revenues from Other School Boards	--	--
051	Insurance Proceeds	--	[illegible]
061	Miscellaneous Provincial Grant	119,436	[illegible]
071	Operating Rev. from Native Peoples Grant	--	--
081	Miscellaneous Federal Grants	105,291	[illegible]
091	Textbooks	77,208	82,559
092	Sundry	7,720	[illegible]
		529,391	[illegible]
	Total Current Revenues	$ 37,094,014	$ [illegible]

Special Grants

	2002	2001
French Monitor	$ 410	$ 6,782
French Immersion	19,085	40,141
Kinderstart	1,544	--
School Board Election Grant	9,087	--
Textbook Credit Allocation	15,473	[illegible]
English Preschool	3,321	[illegible]
Other (Specify)	--	--
	$ 48,920	$ [illegible]

Cormack Trail School Board

Administration Expenditures

Year Ended June 30, 2002

			2002	2001
01		Salaries and Benefits		
	011	- Directors and Assistant Directors	$ 262,527	$ 248,570
	012	- Board Office Personnel	443,356	415,520
	013	Office Supplies	22,542	29,610
	014	Replacement Furniture and Equipment	3,950	--
	015	Postage	25,514	24,585
	016	Telephone	30,340	26,691
	017	Office Equipment Rentals and Repairs	19,205	14,271
	018	Bank Charges	192	133
	019	Electricity	7,248	7,114
	021	Fuel	7,268	8,134
	022	Insurance	--	2,060
	023	Repairs and Maintenance (Office Building)	--	--
	024	Travel	111,357	138,557
	025	Board Meeting Expenses	6,951	5,790
	026	Election Expenses	9,077	--
	027	Professional Fees	46,721	43,169
	028	Advertising	26,668	31,461
	029	Membership Dues	27,367	26,891
	031	Municipal Service Fees	--	--
	032	Rental of Office Space	--	--
	033	Janitorial	--	--
	034	Miscellaneous	--	1,915
	035	Payroll Tax	--	--
		Total Administration Expenditures	$ 1,070,033	$ 1,025,[illegible]

Cormack Trail School Board

Instruction Expenditures

Year Ended June 30, 2002

		2002	2001
52 010	**Instructional Salaries (Gross)**		
011	Teachers' Salaries - Regular	$ 22,759,348	$ [illegible]
012	- Substitute	825,316	[illegible]
013	- Board Paid	39,039	[illegible]
014	Augmentation	--	--
015	Employee Benefits	4,311,326	4,481,442
016	School Secretaries - Salaries & Benefits	428,193	[illegible]
017	Payroll Tax	--	--
018	Other - Student Assistants	[illegible]	[illegible]
		[illegible]	[illegible]
52 040	**Instructional Materials**		
041	General Supplies	151,585	172,892
042	Library Resource Materials	28,929	13,811
043	Teaching Aids	241,202	260,273
044	Textbooks	[illegible]	[illegible]
		[illegible]	[illegible]
52 060	**Instructional Furniture and Equipment**		
061	Replacement	[illegible]	[illegible]
062	Rentals and Repairs	[illegible]	[illegible]
063	Copier Costs	[illegible]	[illegible]
		[illegible]	[illegible]
52 080	**Instructional Staff Travel**		
081	Program Co-ordinators	[illegible]	[illegible]
082	Teachers' Travel	[illegible]	[illegible]
083	Inservice and Conferences	[illegible]	[illegible]
084	Student Travel	[illegible]	[illegible]
		[illegible]	[illegible]
52 090	**Other Instructional Costs**		
091	Postage and Stationery	--	--
092	Miscellaneous	--	[illegible]
093	[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]
	Total Instruction Expenditures	$ [illegible]	$ [illegible]

Cormack Trail School Board

Operations and Maintenance Expenditures - Schools

Year Ended June 30, 2002

		2002	2001
53 011	Salaries & Benefits - Janitorial	$ 1,309,444	$ 1,296,740
012	Salaries & Benefits - Maintenance	386,731	436,875
013	Payroll Tax	--	--
014	Electricity	993,545	1,041,266
015	Fuel	71,807	103,952
016	Municipal Service Fee	73,427	90,216
017	Telephone	197,653	193,240
018	Vehicle Operating and Travel	41,229	53,252
019	Janitorial Supplies	92,358	102,953
021	Janitorial Equipment	952	5,930
022	Repairs and Maintenance - Buildings	337,166	246,086
023	- Equipment	689	1,449
024	Contracted Services - Janitorial	--	--
025	Snow Clearing	127,500	149,894
026	Rentals	--	--
027	Other (Specify)	--	--
	Total Operations and Maintenance	$ 3,632,501	$ 3,721,853

Schedule 5

Cormack Trail School Board

Pupil Transportation Expenditure

Year Ended June 30, 2002

		2002	2001
54 010	**Operation and Maintenance of Board Owned Fleet**		
011	Salaries - Administration	$ --	$ --
012	- Drivers and Mechanics	--	--
013	Payroll Tax	--	--
014	Debt Repayment - Interest	--	--
015	- Principal	--	--
016	Bank Charges	--	--
017	Gas and Oil	--	--
018	Licenses	--	--
019	Insurance	--	--
021	Repairs and Maintenance - Fleet	--	--
022	- Building	--	--
023	Tires and Tubes	--	--
024	Heat and Light	--	--
025	Municipal Service	--	--
026	Snow Clearing	--	--
027	Office Supplies	--	--
028	Rent	--	--
029	Travel	--	--
031	Professional Fees	--	--
032	Miscellaneous	--	--
033	Telephone	--	--
034	Vehicle leases	--	--
		--	--
54 040	**Contracted Services**		
041	Regular Transportation	1,685,313	[illegible]
042	Handicapped	243,708	[illegible]
	Salaries and benefits	27,500	[illegible]
	Miscellaneous	2,418	[illegible]
		1,958,938	[illegible]
	Pupil Transportation Expenditures	$ 1,958,938	$ [illegible]

Schedule 6

Cormack Trail School Board

Ancillary Services and Miscellaneous Expenses

Year Ended June 31, 2002

Ancillary Services

The Board owns and operates the following ancillary services:

		2002	2001
55	**Ancillary Services**		
011	Operation of Teachers' Residences	$ 6,201	$ 7,797
031	Cafeterias	--	--
032	Other (Specify)	--	--
		$ 6,201	$ 7,797

Schedule 7

Miscellaneous Expenses (Specify)

The Board has incurred the following miscellaneous expenses:

		2002	2001
57 011	Miscellaneous Expenses (Specify) - Employee Assistance Program	$ 15,477	$ [illegible]

Schedule 8

Cormack Trail School Board

Details of Property and Equipment

Year Ended June 30, 2002

		Balance June 30, 2001	Additions	Disposals	Balance June 30, 2002
12 210	Land and Sites				
211	Land and Sites	$ 324,032	$ --	$ --	$ 324,032
12 220	Buildings				
221	Schools	63,316,986	458,167	--	63,775,153
222	Administration	197,581	--	--	197,581
223	Residential	125,993	--	--	125,993
224	Recreational	--	--	--	--
225	Other (Specify)	--	--	--	--
		63,640,560	458,167	--	64,098,727
12 230	Furniture and Equip.				
231	Schools	4,761,507	48,899	--	4,810,406
232	Administration	142,230	--	--	142,230
233	Residential	1,534	--	--	1,534
234	Recreation	23,978	34,169	--	58,147
235	Other (Specify)	5,450	--	--	5,450
		4,934,719	83,068	--	5,017,787
12 240	Vehicles				
241	Service Vehicles	112,119	--	--	112,119
12 250	Pupil Transportation				
251	Land	--	--	--	--
252	Building	--	--	--	--
253	Vehicles - Buses	--	--	--	--
254	- Service	--	--	--	--
255	Equipment	--	--	--	--
256	Other (Specify)	--	--	--	--
		--	--	--	--
12 260	Misc. Capital Assets -				
261	Other (Specify)	--	--	--	--
Total Property and Equipment		$ 69,011,430	$ 541,235	$ --	$ 69,552,665

Cormack Trail School Board

Details of Long-term Debt

Year Ended June 30, 2002

Bank loans, mortgage and debentures,
approved by the Board and the Government
of Newfoundland and Labrador

		2002	2001
22 210	Loans Other than Pupil Transportation		
	Ref. #		
211	**Bank Loans**		
	_____ Repayable $_______ monthly, maturing ____	$ --	$ --
	_____ Repayable $_______ monthly, maturing ____	--	--
	_____ Repayable $_______ monthly, maturing ____	--	--
	_____ Repayable $_______ monthly, maturing ____	--	--
	_____ Repayable $_______ monthly, maturing ____	--	--
	_____ Repayable $_______ monthly, maturing ____	--	--
	Total 211	--	--
212	**Mortgages**		
	_____ Repayable $_______ monthly, maturing ____	--	--
	_____ Repayable $_______ monthly, maturing ____	--	--
	_____ Repayable $_______ monthly, maturing ____	--	--
	_____ Repayable $_______ monthly, maturing ____	--	--
	_____ Repayable $_______ monthly, maturing ____	--	--
	_____ Repayable $_______ monthly, maturing ____	--	--
	Total 212	--	--
213	**Debentures**		
	_____ Repayable $_______ monthly, maturing ____	--	--
	_____ Repayable $_______ monthly, maturing ____	--	--
	Total 213	--	--
214	Other (Please Specify)	--	--
	Subtotal	--	--
215	Less Current Maturities	--	--
	Total Loans Other Than Pupil Transportation	--	--

Schedule 9 (cont'd)

Cormack Trail School Board

Details of Long-term Debt

Year Ended June 30, 2002

		2002	2001
22 220	Loans - Pupil Transportation		
Ref. #			
221	**Vehicle Bank Loans**		
	_____Repayable $______ monthly, maturing ____	$ --	$ --
	_____Repayable $______ monthly, maturing ____	--	--
	_____Repayable $______ monthly, maturing ____	--	--
	_____Repayable $______ monthly, maturing ____	--	--
	_____Repayable $______ monthly, maturing ____	--	--
	_____Repayable $______ monthly, maturing ____	--	--
	_____Repayable $______ monthly, maturing ____	--	--
	_____Repayable $______ monthly, maturing ____	--	--
	_____Repayable $______ monthly, maturing ____	--	--
	_____Repayable $______ monthly, maturing ____	--	--
	_____Repayable $______ monthly, maturing ____	--	--
	_____Repayable $______ monthly, maturing ____	--	--
	_____Repayable $______ monthly, maturing ____	--	--
	Total 221	--	--
222	**Land, Buildings and Equipment Bank Loans**		
	_____Repayable $______ monthly, maturing ____	--	--
	_____Repayable $______ monthly, maturing ____	--	--
	_____Repayable $______ monthly, maturing ____	--	--
	_____Repayable $______ monthly, maturing ____	--	--
	_____Repayable $______ monthly, maturing ____	--	--
		--	--
	Total 222	--	--
	Subtotal	--	--
223	Less Current Maturities	--	--
	Total Loans - Pupil Transportation	--	--
Total Long Term Debt		$ --	$ --

Schedule 9A

Cormack Trail School Board

Summary of Long-term Debt

Year Ended June 30, 2002

Description	Ref. #	Rate	Balance Beginning of Year	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
A) School Construction			$ --	$ --	$ --	$ --
B) Equipment			--	--	--	--
C) Service Vehicles			--	--	--	--
D) Other			--	--	--	--
E) Pupil Transportation			--	--	--	--
			--	--	--	--
Total Loans			$ --	$ --	$ --	$ --

Schedule 9B

Cormack Trail School Board

Schedule of Current Maturities

Year Ended June 30, 2002

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction	$ --	$ --	$ --	$ --	$ --
B) Equipment	--	--	--	--	--
C) Service Vehicles	--	--	--	--	--
D) Other - Office	--	--	--	--	--
E) Pupil Transportation	--	--	--	--	--
Total	$ --	$ --	$ --	$ --	$ --

Schedule 9C

Cormack Trail School Board

56 010

Schedule of Interest Expense

Year Ended June 30, 2002

	Description	2002	2001
012	Capital		
	School Construction	$ --	$ --
	Equipment	--	--
	Service Vehicles	--	--
	Other - Office	--	--
		--	--
	Total Capital	--	--
013	Current - Operating Loans		913
014	- Supplier Interest Charges	19	--
	Total Current	19	913
	Total Interest Expense	$ 19	$ 913

Cormack Trail School Board

Supplementary Information

Year Ended June 30, 2002

1. Cash

		2002	2001
	Current		
11 110	Cash on Hand and in Bank		
111	Cash on Hand	$ --	$ 100
112	Bank - Current	621,577	728,820
113	- Savings	--	--
114	- Teachers' Payroll	24,510	16,117
115	- Non-Teachers' Payroll	--	--
116	- Coupon (Debenture)	--	--
117	- Other (Specify) - Schools	--	--
	Capital		
11 210	Cash on Hand and in Bank		
211	Cash on Hand	--	--
212	Bank - Current	--	--
213	- Savings	--	--
214	- Other (Specify)	--	--
	Total Cash on Hand & in Bank	$ 646,087	$ 745,037

2. Short Term Investments

		2002	2001
	Current		
11 121	Term Deposits	$ 4,300	$ --
122	Canada Savings Bonds	--	--
123	Other (Specify)	--	--
	Capital		
11 221	Term Deposits	--	--
222	Canada Savings Bonds	--	--
223	Other (Specify)	--	--
	Total Short Term Investments	$ 4,300	$ --

Cormack Trail School Board

Supplementary Information

Year Ended June 30, 2002

3. Prepaid Expenses

		2002	2001
	Current		
11 141	Insurance	$ --	$ --
142	Municipal Service Fees	--	--
143	Supplies	--	--
144	Other (Specify) - Workers Compensation	32,993	28,602
	- Other	--	--
	Capital		
11 241	Other (Specify)	--	--
		$ 32,993	$ 28,602

SCHOOL DISTRICT # 3
CORNER BROOK - DEER LAKE - ST. BARBE

FINANCIAL STATEMENTS/AUDITOR'S REPORT

June 30, 2002

Auditors' Report

To The Members of School District #3 Corner Brook - Deer Lake - St. Barbe

We have audited the balance sheet of the current and capital funds of School District #3 Corner Brook - Deer Lake - St. Barbe as at June 30, 2002, and the related statements of current revenues, expenditures and District equity, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As required by Section 66 (2) of The Schools Act, we report that the employees whose duties include collecting, receiving or depositing of money are bonded in amounts considered to be sufficient.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at June 30, 2002 and the results of its operations and changes in its capital financial position for the year then ended, in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.

James, Kung & Roberts
Chartered Accountants

Stephenville, Newfoundland
City

August 26, 2002
Date

School District #3 Corner Brook - Deer Lake - St. Barbe

BALANCE SHEET

June 30, 2002

Assets

	2002	2001
Current Assets		
Cash (Supp. Info. 1)	$ --	$ --
Short Term Investments (Supp. Info. 1)	57,751	57,888
Accounts Receivable (Note 2)	537,645	113,805
Prepaid Expenses (Supp. Info. 2)	7,912	--
Total Current Assets	603,318	613,693
Property and Equipment (Sch. 9)	54,174,827	56,017,796
	$ 54,778,145	$ 56,631,489

Liabilities and District Equity

	2002	2001
Current Liabilities		
Bank Indebtedness (Note 3)	$ 1,135,756	$ 851,551
Accounts Payable and Accrued (Note 4)	301,793	465,020
Current Maturities (Schedule 9A)	173,856	160,277
Total Current Liabilities	1,611,405	1,376,888
Severance pay accrual	9,143,888	8,944,841
Long-Term Debt (Schedule 9)	1,740,329	1,844,847
District Equity		
Investment in Capital Assets (Note 6)	52,257,745	54,114,972
District Equity	(10,084,220)	(9,677,459)
Total District Equity	42,173,525	44,437,513
	$ 54,778,145	$ 56,631,489

Contingency - (Note 8)

See Accompanying Notes

Approved: J M Heen Chairman

Secretary

School District #3 Corner Brook - Deer Lake - St. Barbe

STATEMENT OF CURRENT REVENUES, EXPENDITURES AND DISTRICT EQUITY

Year Ended June 30, 2002

	2002	2001
Current Revenue (Schedule 1)		
Provincial Government Grants	$ 42,323,855	$ 40,974,898
Donations	--	--
Ancillary Services	60,000	60,000
Miscellaneous	545,376	595,764
	42,929,231	41,630,662
Current Expenditures		
Administration (Schedule 2)	1,640,576	1,186,922
Instruction (Schedule 3)	33,944,724	32,316,275
Operations and Maintenance (Schedule 4)	5,155,746	4,319,473
Pupil Transportation (Schedule 5)	2,744,315	2,621,514
Ancillary Services (Schedule 6)	--	--
Interest Expense (Schedule 10)	43,471	57,639
Miscellaneous (Schedule 7)	--	--
	43,531,832	41,094,823
[illegible] Excess of Revenue over Expenditures	(602,601)	535,839
Transfer to/from Capital	95,839	(212,166)
Net Increase/Decrease in District Equity	(506,762)	323,673
District Equity, Beginning of Year	(9,577,459)	(9,901,132)
District Equity, End of Year	$(10,084,221)	$ (9,577,459)

See Accompanying Notes

School District #3 Corner Brook - Deer Lake - St. Barbe

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended June 30, 2002

			2002	2001
60		Operating Activities		
	011	Excess of Revenue Over Expenditures	$ (602,601)	$ 498,839
	012	Changes in Non-Cash Working Capital		
	013	- Short-Term Investments	137	1,605
	014	- Accounts Receivable	(14,840)	479,165
	015	- Prepaid Expenses	(4,919)	9,672
	014	- Accounts Payable & Accrued Expenses	36,773	(803,483)
	015	- Current Maturities	--	--
	016	Other (Specify)		
		- Principal - bussing	144,377	190,440
		- Increase in severance pay accrual	305,447	(214,414)
			(135,626)	161,824
61		Financing Activities		
	011	Proceeds from Bank Loans	73,671	527,269
	012	Grants - Deficit Retirement	--	--
	013	Other Capital Revenues	--	--
	014	Changes in Long-Term Debt	(162,308)	(130,055)
	015	Other (Specify)	--	--
			(88,637)	397,214
62		Investing Activities		
	011	Proceeds on Sale of Capital Assets	121,970	37,800
	012	Additions to Property and Equipment	(81,870)	(527,269)
	013	Other (Specify)	--	--
			40,100	(489,469)
63		Increase (Decrease) in Cash	(184,163)	69,569
64		Cash, Beginning of The Year	(951,591)	(1,021,160)
65		Cash, End of The Year	$ 1,135,756	$ (951,591)

See Accompanying Notes

School District #3 Corner Brook - Deer Lake - St. Barbe

STATEMENT OF CHANGES IN CAPITAL FUND

Year Ended June 30, 2002

			2002	2001
70		**Capital Receipts**		
71		**Proceeds from Bank Loans**		
	011	- School Construction	$ --	$ --
	012	- Equipment	--	--
	013	- Service Vehicles	--	--
	014	- Pupil Transportation	73,670	527,269
	015	- Other (Specify)	--	--
			73,670	527,269
72		**EIC Grants**		
	011	School Construction and Equipment	--	--
	012	Other - Transportation - Government	--	--
			--	--
73		**Donations**		
	011	- Cash Receipts	--	--
	012	- Non-Cash Receipts	--	--
	013	- Restricted Use	--	--
			--	--
74		**Sale of Capital Assets - Proceeds**		
	011	- Land	100,000	2,100
	012	- Buildings	18,660	34,000
	013	- Equipment	--	--
	014	- Service Vehicles	--	--
	015	- Pupil Transportation Vehicles	3,310	1,700
	016	- Other (Specify)	--	--
		- Accounts Receivable - Capital	--	--
			121,970	37,500
75		**Other Capital Revenues**		
	011	- Interest on Capital Fund Investments	--	--
	012	- Premiums on Debentures	--	--
	013	- Recoveries of Expenditures	--	--
	015	- Insurance Proceeds	--	--
	016	- Native Peoples Grants	--	--
	017	- Miscellaneous - School Bus Transportation Services	--	--
		Accounts payable	--	--
			--	--
Total Capital Receipts			195,640	565,069
77		**Transfer from Reserve Account**	--	--
78		**Transfer to/from Current Fund**	(95,838)	265,166
Total			$ 99,802	$ 830,235

School District #3 Corner Brook - Deer Lake - St. Barbe

STATEMENT OF CHANGES IN CAPITAL FUND (Cont'd)

Year Ended June 30, 2002

		2002	2001
80	Capital Disbursements		
81	Additions to Property & Equipment		
011	- Land and Sites	$ --	$ --
012	- Buildings	--	--
013	- Furniture & Equipment - School	--	--
014	- Furniture & Equipment - Other	--	--
015	- Service Vehicles	73,602	--
016	- Pupil Transportation	8,268	327,269
017	- Other (Specify)	--	--
		81,870	327,269
82	Principal Repayment of Long-Term Debt		
011	- School Construction	--	14,915
012	- Equipment	--	--
013	- Service Vehicles	2,046	--
014	- Other (Specify)		
	- Office	15,886	14,701
		17,932	29,616
83	Miscellaneous Disbursements		
013	- Other (Specify)		
	- Accounts payable	--	273,350
		--	--
	Total Capital Disbursements	$ 99,802	$ 630,235

See Accompanying Notes

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2002

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting, is as follows:

(a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Education Investment Corporation are recorded as capital revenues. Also, amounts paid to construction companies from the Education Investment Corporation on behalf of the District for capital projects are treated as capital revenues.

(b) Capital asset additions are recorded at full cost in the capital fund.

(c) The District does not calculate or record amortization on any of its capital assets.

(d) Principal repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

2. Accounts Receivable

		2002	2001
	Current		
11 131	Provincial Government	$ 182,019	$ 128,461
132	Transportation	9,924	5,666
133	Federal Government	177,021	200,738
136	Other School Districts	--	--
137	Rent	60,000	25,048
138	Interest	--	--
139	Travel Advances and Miscellaneous	201,681	155,902
	Capital		
11 231	EDC - Construction Grants	--	--
233	Local Contributions	--	--
234	Other School Districts	--	--
238	Other (Specify) - City of Corner Brook	--	--
		$ 630,645	$ 515,815

3. Bank Indebtedness

		2002	2001
21 131	On Operating Credit	$ 1,135,756	$ 951,591
132	On Capital Account	--	--
		$ 1,135,756	$ 951,591

4. Accounts Payable and Accrued

		2002	2001
	Current		
21 111	Trade Payable	$ 176,299	$ 143,954
112	Accrued - Liabilities	--	--
113	- Interest	--	--
114	- Wages	--	--
115	Payroll Deductions	11,573	28,456
116	Scholarships	67,751	67,888
117	Deferred Grants	46,170	26,722
118	Other - Severance Pay	9,249,988	9,012,541
	Capital		
21 211	Trade Payable	--	--
212	Accrued - Liabilities	--	--
213	- Interest	--	--
217	Deferred Grants	--	--
218	Other (Specify)	--	--
		$ 9,551,781	$ 9,279,561

5. Reserve Account

Description:

	2002	2001
Balance, Beginning of Year	$ --	$ --
Less Transfer from Reserve	--	--
	--	--
Add Transfer to Reserve	--	--
Balance, End of Year	$ --	$ --

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2002

	2002	2001
6. Investment in Capital Assets, Beginning of Year	$ 54,014,972	$ 54,253,191
Add:		
Transfer of Operating funds to Capital Fund	(95,838)	265,166
Grants - EIC - Contribution for Capital Const.	--	--
- Other (Specify)	--	--
Capital projects funded by EIC but paid directly to other sources on behalf of District.		
Donations (Specify)	--	--
Proceeds from Sale of Capital Assets		
- Land	100,000	[illegible]
- Buildings	18,660	[illegible]
- Equipment	--	--
- Vehicles	3,310	[illegible]
- Other	--	--
Interest on Capital Fund Investments	--	--
Recoveries of Expenditures - Prior	--	--
Insurance Proceeds - Capital	--	--
Native Peoples Grants - Capital	--	--
Excess of Revenue over Expenditures - Capital Fund	--	--
Principal - Bussing loan	144,377	[illegible]
	54,185,481	54,656,597
Deduct Adjustments:		
Cost of assets sold		
- Land	5,000	2,875
- Buildings	280,000	248,207
- Equipment	47,532	229,335
- Vehicles	1,595,204	161,208
- Other	--	--
	1,927,736	641,625
Other	--	--
23 221 Investment in Capital Assets, End of Year	$ 52,257,745	$ 54,014,972

7. Commitments

At balance sheet date the District had the following commitments:

8. Other (Please Specify)

As of statement date, litigation had been brought against the Board in the amount of $ 12,876 plus harmonized sales tax, which has not been recorded in the accounts.

Schedule 1

School District #3 Corner Brook - Deer Lake - St. Barbe

CURRENT REVENUES

Year Ended June 30, 2002

		2002	2001
32 010	**Provincial Government Grants**		
011	Regular	$ 7,010,300	$ 6,944,200
016	Special Grants (Details on bottom of Schedule 1)	1,896,113	2,092,251
	Salaries and Benefits		
017	- Directors and Asst. Directors	700,982	250,158
021	- Regular Teachers	28,957,746	28,785,850
022	- Substitute Teachers	1,121,138	964,543
030	Pupil Transportation		
031	- Board Owned	1,396,731	1,913,549
032	- Contracted	610,006	610,370
033	- Handicapped	130,247	118,377
		42,323,388	41,974,898
33 010	**Donations**		
012	Cash Receipts	--	--
013	Non-Cash Receipts	--	--
014	Restricted Use	--	--
		--	--

School District #3 Corner Brook - Deer Lake - St. Barbe

CURRENT REVENUES

Year Ended June 30, 2002

		2002	2001
34 010	**Ancillary Services**		
011	Revenues from Rental of Residences	$ --	$ --
021	Revenues from Rental of Schools and Facilities (Net)	60,000	60,000
031	Cafeterias	--	--
032	Other - (Specify)	--	--
		60,000	60,000
35 010	**Miscellaneous**		
011	Interest on Investments	4,120	3,984
012	Bus Charters	43,784	46,331
021	Recoveries of Expenditures	--	15,314
031	Revenues from Other School Districts	--	--
041	Federal Rebates	217,981	223,998
051	Insurance Proceeds	--	4,280
061	Bilingual Education Revenue	20,664	[illegible]
071	Operating Rev. from Native Peoples Grant	--	--
081	Miscellaneous Federal Grants	--	3,415
091	Textbooks	104,955	68,731
101	Sundry	[illegible]	185,885
		548,508	595,764
	Total Current Revenues	$ 42,924,231	$ 41,830,662

Special Grants

	2002	2001
Retro - pay	$ 28,614	$ --
School Board Election Grant	24,672	--
Debt Servicing	46,423	61,920
Student Assistant Salaries	819,351	723,581
Textbook Credit Allocation	11,467	--
Pay equity	--	30,103
Administration - Textbook	4,670	8,374
Payroll tax	629,571	600,622
Utilities	28,270	636,767
Maintenance	156,060	5,513
French materials	--	--
Peer Tutoring	3,000	5,000
Bottled water	21,402	--
Administrative pay adjustment	20,000	--
Computers	19,374	--
Surplus - substitutes	68,689	20,369
Kinder - start	7,420	--
Tutoring work experience	3,550	--
Other (Specify)	--	--
	$ 1,896,113	$ 2,092,252

School District #3 Corner Brook - Deer Lake - St. Barbe

ADMINISTRATION EXPENDITURES

Year Ended June 30, 2002

		2002	2001
51	Salaries and Benefits		
011	- Directors and Asst. Directors	$ 715,507	$ 242,072
012	- District Office Personnel	486,130	420,078
013	Office Supplies	23,127	20,601
014	Replacement Furniture and Equipment	11,681	13,640
015	Postage	9,865	14,331
016	Telephone	40,469	44,775
017	Office Equipment Rentals and Repairs	22,443	17,211
018	Bank Charges	--	--
019	Electricity	--	--
021	Fuel	--	--
022	Insurance	--	2,476
023	Repairs and Maintenance (Office Building)	13,088	3,268
024	Travel	93,967	109,083
025	Board Meeting Expenses	18,991	18,260
026	Election Expenses	30,811	--
027	Professional Fees	22,182	17,792
028	Advertising	28,911	57,693
029	Membership Dues	36,648	36,189
031	Municipal Service Fees	13,441	6,348
032	Rental of Office Space	--	--
033	Relocation Expenses	--	--
034	Miscellaneous	16,288	15,800
035	Payroll Tax	57,643	51,312
	Total Administration Expenditures	$ 1,640,576	$ 1,386,923

Schedule 3

School District #3 Corner Brook - Deer Lake - St. Barbe

INSTRUCTION EXPENDITURES

Year Ended June 30, 2002

		2002	2001
52 010	**Instructional Salaries (Gross)**		
011	Teachers' Salaries - Regular	$ 28,957,746	$ 28,185,850
012	- Substitute	1,121,138	964,843
013	- District Paid	1,914	--
014	Student Assistants	731,367	581,448
015	Employee Benefits	--	--
016	School Secretaries - Salaries & Benefits	742,553	657,248
017	Employee Benefits	772,257	369,811
018	Other - French Monitor	12,515	[illegible]
		32,400,391	[illegible]
52 040	**Instructional Materials**		
041	General Supplies	148,185	[illegible]
042	Library Resource Materials	96,271	[illegible]
043	Teaching Aids	584,860	[illegible]
044	Textbooks	117,387	[illegible]
		946,703	[illegible]
52 060	**Instructional Furniture and Equipment**		
061	Replacement	32,251	31,067
062	Rentals and Repairs	49,560	47,341
		81,811	78,408
52 080	**Instructional Staff Travel**		
081	Program Co-ordinators	30,345	30,767
082	Teachers' Travel	66,004	66,466
083	Inservice and Conferences	76,910	69,246
		173,259	166,479
52 090	**Other Instructional Costs**		
091	Postage and Stationery	5,147	3,159
092	Miscellaneous	337,414	307,842
		342,561	311,001
	Total Instruction Expenditures	$ 33,944,724	$ 32,316,273

School District #3 Corner Brook - Deer Lake - St. Barbe

OPERATIONS AND MAINTENANCE EXPENDITURES - SCHOOLS

Year Ended June 30, 2002

		2002	2001
53 011	Salaries & Benefits - Janitorial	$ 1,541,242	$ 1,458,430
012	- Maintenance	368,956	335,088
013	Employee Benefits	399,172	301,236
014	Electricity	1,101,647	1,098,812
015	Fuel	378,660	246,411
016	Municipal Service Fee	76,569	50,255
017	Telephone	198,389	154,710
018	Vehicle Operating and Travel	124,978	67,488
019	Janitorial Supplies	197,171	173,946
021	Janitorial Equipment	5,248	1,776
022	Repairs and Maintenance - Buildings	610,126	742,144
023	- Equipment	4,931	4,409
024	Contracted Services - Janitorial	--	--
025	Snow Clearing	149,207	181,839
026	Rentals	--	--
027	Other (Specify) - Repairs Covered By Insurance	2,431	3,129
	Total Operations and Maintenance	$ 5,153,746	$ 4,919,473

School District #3 Corner Brook - Deer Lake - St. Barbe

PUPIL TRANSPORTATION EXPENDITURE

Year Ended June 30, 2002

		2002	2001
84 010	**Operation and Maintenance of Board Owned Fleet**		
011	Salaries - Administration	$ 92,603	$ 74,604
012	- Drivers and Mechanics	1,002,154	941,638
013	Payroll Tax and Benefits	229,069	184,370
014	Debt Repayment - Interest	71,965	62,881
015	- Principal	144,377	100,438
016	Bank Charges	--	--
017	Gas and Oil	178,418	226,076
018	Licenses	24,257	25,117
019	Insurance	15,987	13,473
021	Repairs and Maintenance - Fleet	110,818	142,630
022	- Building	818	8,885
023	Tires and Tubes	12,484	23,482
024	Heat and Light	16,967	18,134
025	Municipal Service	3,833	3,734
026	Snow Clearing	10,482	9,792
027	Office Supplies	2,313	2,683
028	Rent	--	--
029	Travel	4,324	2,766
031	Professional Fees	1,715	1,725
032	Miscellaneous	22,371	20,281
033	Telephone	14,584	9,627
034	Vehicle Leases	5,680	5,677
035	Service Vehicles	5,910	311
		1,971,678	1,876,964
84 040	**Contracted Services**		
041	Regular Transportation	635,990	663,214
042	Handicapped	136,649	91,336
		772,639	754,550
	Pupil Transportation Expenditures	$ 2,744,318	$ 2,631,514

Schedule 6

School District #3 Corner Brook - Deer Lake - St. Barbe

ANCILLARY SERVICES AND MISCELLANEOUS EXPENSES

Year Ended June 30, 2002

Ancillary Services

The District owns and operates the following ancillary services:

		2002	2001
55	Ancillary Services		
011	Operation of Teachers' Residences	$ --	$ --
021	Cafeterias	--	--
031	Other (Specify)	--	--
		$ --	$ --

Schedule 7

Miscellaneous Expenses (Specify)

The District has incurred the following miscellaneous expenses:

57 011	Miscellaneous Expenses (Specify)	$ --	$ --

School District #3 Corner Brook - Deer Lake - St. Barbe

DETAILS OF PROPERTY AND EQUIPMENT

Year Ended June 30, 2002

		Balance June 30, 2001	Additions	Disposals	Balance June 30, 2002
12 210	Land and Sites				
211	Land and Sites	$ 1,138,094	$ --	$ 5,000	$ 1,133,094
12 220	Buildings				
221	Schools	43,666,950	--	280,000	43,386,950
222	Administration	1,596,325	--	--	1,596,325
223	Residential	--	--	--	--
224	Recreational	--	--	--	--
225	Other (Specify)	--	--	--	--
		45,263,275	--	280,000	44,983,275
12 230	Furniture and Equip.				
231	Schools	4,196,982	--	47,532	4,149,450
232	Administration	665,951	--	--	665,951
233	Residential	--	--	--	--
234	Recreation	--	--	--	--
235	Other (Specify)	--	--	--	--
		4,862,933	--	47,532	4,815,401
12 240	Vehicles				
241	Service Vehicles	98,572	73,602	44,167	128,007
12 250	Pupil Transportation				
251	Land	--	--	--	--
252	Building	--	--	--	--
253	Vehicles - Buses	4,654,922	8,268	1,551,037	3,112,153
254	- Service	--	--	--	--
255	Equipment	--	--	--	--
256	Other (Specify)	--	--	--	--
		4,654,922	8,268	1,551,037	3,112,153
12 260	Misc. Capital Assets -				
261	Other (Specify)	--	--	--	--
Total Property and Equipment		$ 56,017,796	$ 81,870	$1,927,736	$ 54,171,930

School District #3 Corner Brook - Deer Lake - St. Barbe

DETAILS OF LONG-TERM DEBT

Year Ended June 30, 2002

Bank loans, mortgage and debentures,
approved by the District and the Government
of Newfoundland and Labrador

22 210 Loans Other than Pupil Transportation	2002	2001
Ref. #		
211 **Bank Loans**		
Prime Repayable $ 1,022 monthly, maturing 2008	$ 71,624	$ --
____ Repayable $____ monthly, maturing ____	--	--
____ Repayable $____ monthly, maturing ____	--	--
____ Repayable $____ monthly, maturing ____	--	--
____ Repayable $____ monthly, maturing ____	--	--
____ Repayable $____ monthly, maturing ____	--	--
Total 211	71,624	--
212 **Mortgages**		
7.9% Repayable $ 3,922 monthly, maturing 2016	389,309	405,195
____ Repayable $____ monthly, maturing ____	--	--
____ Repayable $____ monthly, maturing ____	--	--
____ Repayable $____ monthly, maturing ____	--	--
____ Repayable $____ monthly, maturing ____	--	--
____ Repayable $____ monthly, maturing ____	--	--
Total 212	389,309	405,195
213 **Debentures**		
____ Repayable $____ monthly, maturing ____	--	--
____ Repayable $____ monthly, maturing ____	--	--
Total 213	--	--
214 Other (Please Specify)	--	--
Subtotal	460,933	405,195
215 Less Current Maturities	29,479	15,900
Total Loans Other Than Pupil Transportation	431,454	389,295

School District #3 Corner Brook - Deer Lake - St. Barbe

DETAILS OF LONG-TERM DEBT

Year Ended June 30, 2002

22 220 Loans - Pupil Transportation

Ref. #		2002	2001
221	**Vehicle Bank Loans**		
	Prime Repayable $ 8,370 monthly, maturing 2012	$ 969,922	$ 1,070,360
	Prime Repayable $ 3,662 monthly, maturing 2013	483,330	527,269
	______ Repayable $______ monthly, maturing ____	--	--
	______ Repayable $______ monthly, maturing ____	--	--
	______ Repayable $______ monthly, maturing ____	--	--
	______ Repayable $______ monthly, maturing ____	--	--
	______ Repayable $______ monthly, maturing ____	--	--
	______ Repayable $______ monthly, maturing ____	--	--
	______ Repayable $______ monthly, maturing ____	--	--
	______ Repayable $______ monthly, maturing ____	--	--
	______ Repayable $______ monthly, maturing ____	--	--
	______ Repayable $______ monthly, maturing ____	--	--
	______ Repayable $______ monthly, maturing ____	--	--
	Total 221	1,453,252	1,597,629
222	**Land, Buildings and Equipment Bank Loans**		
	______ Repayable $______ monthly, maturing ____	--	--
	______ Repayable $______ monthly, maturing ____	--	--
	______ Repayable $______ monthly, maturing ____	--	--
	______ Repayable $______ monthly, maturing ____	--	--
	______ Repayable $______ monthly, maturing ____	--	--
		--	--
	Total 222	--	--
	Subtotal	1,453,252	1,597,629
223	Less Current Maturities	144,377	144,377
	Total Loans - Pupil Transportation	1,308,875	1,453,252
	Total Long Term Debt	$ 1,740,329	$ 1,842,547

Schedule 9A

School District #3 Corner Brook - Deer Lake - St. Barbe

SUMMARY OF LONG-TERM DEBT

Year Ended June 30, 2002

			Balance	Loans	Principal	
Description	Ref. #	Rate	Beginning of Year	Obtained During Year	Repayment for Year	Balance End of Year
A) School Construction			$ --	$ --	$ --	$ --
B) Equipment			--	--	--	--
C) Service Vehicles			--	73,670	2,046	71,624
D) Other - Office			405,195	--	15,886	389,309
E) Pupil Transportation			1,597,629	--	144,377	1,453,252
Total Loans			$ 2,002,824	$ 73,670	$ 162,309	$ 1,914,185

Schedule 9B

School District #3 Corner Brook - Deer Lake - St. Barbe

SCHEDULE OF CURRENT MATURITIES

Year Ended June 30, 2002

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction	$ --	$ --	$ --	$ --	$ --
B) Equipment	--	--	--	--	--
C) Service Vehicles	12,279	12,279	12,279	12,279	12,279
D) Other - Office	17,200	18,600	20,200	22,000	24,000
E) Pupil Transportation	144,377	144,377	144,377	144,377	144,377
Total	$ 173,856	$ 175,256	$ 176,856	$ 178,656	$ 180,656

Schedule 9C

School District #3 Corner Brook - Deer Lake - St. Barbe

SCHEDULE OF INTEREST EXPENSE

Year Ended June 30, 2002

	Description	2002	2001
012	**Capital**		
	School Construction	$ --	$ 184
	Equipment	--	--
	Service Vehicles	--	--
	Other - Office	31,444	32,122
		--	--
	Total Capital	31,444	32,306
013	Current - Operating Loans	12,027	55,333
014	- Supplier Interest Charges	--	--
	Total Current	12,027	55,333
	Total Interest Expense	$ 43,471	$ 87,639

School District #3 Corner Brook - Deer Lake - St. Barbe

SUPPLEMENTARY INFORMATION

Year Ended June 30, 2002

1. Cash

		2002	2001
	Current		
11 110	Cash on Hand and in Bank		
111	Cash on Hand	$ --	$ --
112	Bank - Current	--	--
113	- Savings	--	--
114	- Teachers' Payroll	--	--
115	- Non-Teachers' Payroll	--	--
116	- Coupon (Debenture)	--	--
117	- Other (Specify)	--	--
	Capital		
11 210	Cash on Hand and in Bank	--	
211	Cash on Hand	--	--
212	Bank - Current	--	--
213	- Savings	--	--
214	- Other (Specify)		--
	Total Cash on Hand & in Bank	$ --	$ --

2. Short Term Investments

		2002	2001
	Current		
11 121	Term Deposits	$ 66,855	$ 66,992
122	Canada Savings Bonds	--	--
123	Other (Specify) - Shares	896	896
	Capital		
11 221	Term Deposits	--	--
222	Canada Savings Bonds	--	--
223	Other (Specify)	--	--
	Total Short Term Investments	$ 67,751	$ 67,889

School District #3 Corner Brook - Deer Lake - St. Barbe

SUPPLEMENTARY INFORMATION

Year Ended June 30, 2002

3. Prepaid Expenses

		2002	2001
	Current		
11 141	Insurance	$ --	$ --
142	Municipal Service Fees	--	--
143	Supplies	1,724	--
144	Other (Specify) - Registration Fees	3,195	--
	Capital		
11 241	Other (Specify)	--	--
		$ 4,919	$ --

Financial Statements of

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

December 31, 2002

Deloitte
& Touche

Deloitte
& Touche

Auditors' Report

To the Board of Directors of
Credit Union Deposit Guarantee Corporation

We have audited the balance sheet of Credit Union Deposit Guarantee Corporation as at December 31, 2002 and the statements of earnings and fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
March 21, 2003

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Statement of Earnings and Fund Balance

Year ended December 31, 2002

	2002 $	2001 $
INCOME		
Assessments on credit unions	677,723	563,304
Interest	142,152	229,148
Bonding insurance	178,094	157,738
Other	6,460	5,783
	1,004,429	955,973
EXPENSES		
Salaries and benefits	287,054	259,417
Bonding insurance	117,807	116,772
Travel	59,071	30,133
Rent	29,517	24,392
Office and administration	25,841	19,504
Amortization	23,542	11,482
Legal	89,780	-
Vehicle	9,968	4,859
Meetings	3,358	4,856
Training	10,929	4,298
Directors' fees	8,170	2,550
Insurance	835	1,380
Membership fees	1,320	1,367
Advertising and promotion	7,258	145
Gain on disposal of capital assets	(250)	-
	674,200	481,155
INCOME BEFORE UNDERNOTED ITEMS	330,229	474,818
Assistance (paid to) received from credit unions	(112,743)	3,181
NET EARNINGS	217,486	477,999
DEPOSIT GUARANTEE FUND BALANCE, BEGINNING OF YEAR	4,954,151	4,476,152
DEPOSIT GUARANTEE FUND BALANCE, END OF YEAR	5,171,637	4,954,151

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Balance Sheet

December 31, 2002

	2002 $	2001 $
ASSETS		
Cash	49,359	37,231
Investments (Note 4)	5,069,982	4,668,298
Receivables (Note 3)	67,382	242,115
Capital assets (Note 5)	62,329	77,418
	5,249,052	5,025,062
LIABILITIES		
Accounts payable and accrued liabilities	77,415	70,911
FUND BALANCE		
Deposit guarantee fund balance	5,171,637	4,954,151
	5,249,052	5,025,062

Commitments (Note 7)
Contingencies (Note 8)

APPROVED BY THE BOARD:

Director

Director

CREDIT UNION DEPOSIT GUARANTEE CORPORATION
Statement of Cash Flows
Year ended December 31, 2002

	2002 $	2001 $
OPERATING ACTIVITIES		
Net earnings	217,486	477,999
Adjustments for:		
Amortization	23,542	11,482
Decrease (increase) in receivables	174,733	(19,549)
Increase (decrease) in accounts payable and accrued liabilities	6,504	(18,483)
	422,265	451,449
INVESTING ACTIVITIES		
Purchase of capital assets	(8,453)	(55,998)
Purchase of investments	(20,879,191)	(5,761,737)
Redemption of investments	20,477,507	5,384,886
	(410,137)	(432,849)
INCREASE IN CASH	12,128	18,600
CASH, BEGINNING OF YEAR	37,231	18,631
CASH, END OF YEAR	49,359	37,231

1. DESCRIPTION OF BUSINESS

The Credit Union Deposit Guarantee Corporation (the "Corporation") is established as a corporation without share capital under the provisions of Section 176 of the Credit Union Act.

The Corporation guarantees the deposits of members of credit unions in the Province of Newfoundland and Labrador. This guarantee is supported by the investments held by the Corporation.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

(a) *Investments*

Investments are recorded at cost. When, in the opinion of management, a permanent decline in the value of the investments has occurred, the carrying value is adjusted accordingly.

(b) *Capital assets*

Capital assets are recorded at cost. Amortization is provided on a declining balance basis at rates which will reduce original cost to estimated residual value over the useful life of the assets.

(c) *Revenue recognition*

The Corporation recognizes assessment revenue based on a percentage of insured deposits of individual credit unions operating within the Province of Newfoundland and Labrador. Interest revenue is recognized based on the investment interest collected and accrued during the year, and bonding revenue is recognized based on a percentage of individual credit unions' assets plus a 20% administrative charge.

(d) *Assistance to credit unions*

Assistance to credit unions is recorded only when it can be reasonably determined by the Corporation that such a payment will be required and when the Board of Directors have assessed the reasonableness of such a charge and authorized the assistance as a commitment of the Fund. The determination of the assistance requires the exercise of judgement because the precise amount, method and timing of such assistance is dependent upon future events. The amount of actual assistance paid, and future possible assistance is disclosed in the financial statements.

(e) *Cash*

Cash consists of balances with banks.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) *Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) *Severance pay*

Severance pay is accrued for all employees for whom the right to such compensation is vested.

No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of service.

3. RECEIVABLES

	2002 $	2001 $
Accrued interest	27,145	162,565
Other	40,237	79,550
	67,382	242,115

4. INVESTMENTS

Issuer	Type	Rate	Maturity Date	Maturity Value $	Cost $
Credit Union Central of Nova Scotia	Shares			1,000	1,000
Newfoundland and Labrador Credit Union Ltd.	Shares			100	100
				1,100	1,100
Bank of Montreal	Bankers Acceptance	2.78%	1/8/2003	250,000	248,845
Bank of Montreal	Bankers Acceptance	2.85%	1/2/2003	3,000,000	2,978,820
Bank of Montreal	Bankers Acceptance	2.80%	3/10/2003	554,000	550,200
Bank of Montreal	Bankers Acceptance	2.79%	2/17/2003	1,300,000	1,291,017
				5,105,100	5,069,982

5. CAPITAL ASSETS

	2002				2001
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
		$	$	$	$
Vehicles	30%	55,998	18,760	37,238	53,198
Furniture and equipment	20%	24,643	17,037	7,606	9,508
Computer equipment	30%	50,006	32,521	17,485	14,712
		130,647	68,318	62,329	77,418

6. INCOME TAXES

The Corporation has the following non-capital losses available which can be used to reduce future years' taxable income.

Year of Expiry	Amount
	$
2004	103,168
2005	104,685
2006	163,796
2007	81,018
2008	73,257
2009	304,352
	830,276

The potential income tax benefit associated with those losses has not been recognized in these financial statements.

7. COMMITMENTS

The Corporation has entered into a lease agreement for office space which expires June 30, 2011. The amount of the annual rent payable is $29,517.

8. CONTINGENCY

The Corporation has guaranteed a line of credit issued to Tri-Island Credit Union Limited. The amount of the guarantee is limited to the line of credit balance that exceeds $1,500,000 and is less than or equal to $3,500,000. Tri-Island Credit Union Limited's line of credit balance was below $1,500,000 at December 31, 2001.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash, investments, receivables, and accounts payable and accrued liabilities approximate their fair value due to their relatively short periods to maturity.

DIRECTOR OF SUPPORT ENFORCEMENT

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Director of Support Enforcement
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Director of Support Enforcement as at 31 March 2003 and th statement of receipts and disbursements for the year then ended. These financial statements are the responsibilit of the Director. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Thos standards require that I plan and perform an audit to obtain reasonable assurance whether the financi statements are free of material misstatement. An audit includes examining, on a test basis, evidence supportin the amounts and disclosures in the financial statements. An audit also includes assessing the accountin principles used and significant estimates made by management, as well as evaluating the overall financi statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position o the Director of Support Enforcement as at 31 March 2003 and the receipts and disbursements for the year the ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
6 June 2003

DIRECTOR OF SUPPORT ENFORCEMENT

BALANCE SHEET

31 MARCH 2003

	2003	2002
ASSETS		
Cash	**$ 225,713**	$ 189,087
Accounts receivable (Note 2)	**21,153,151**	20,074,140
Other receivables (Note 3)	**12,204**	15,088
	$21,391,068	$20,278,315
LIABILITIES		
Accounts payable (Note 4)	**$21,384,624**	$20,272,485
Other payables (Note 5)	**6,444**	5,830
	$21,391,068	$20,278,315

See accompanying notes

Signed: ______________________
Director

DIRECTOR OF SUPPORT ENFORCEMENT

STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
RECEIPTS		
Regular support	$19,510,388	$18,666,200
Out-of-system support	349,382	368,995
	19,859,770	19,035,195
DISBURSEMENTS		
Regular support	19,240,409	18,472,693
Out-of-system support	349,382	368,995
Other payments	233,353	170,907
	19,823,144	19,012,595
Excess of receipts over disbursements	36,626	22,600
Cash, beginning of year	189,087	166,487
Cash, end of year	$ 225,713	$ 189,087

See accompanying notes

DIRECTOR OF SUPPORT ENFORCEMENT

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

The Director of Support Enforcement operates under the authority of the *Support Orders Enforcement Act*. Under this Act, the Director is responsible for enforcing court ordered support payments and for acting on behalf of the Attorney General in matters arising pursuant to the *Reciprocal Enforcement of Support Orders Act*.

1. Significant accounting policies

These financial statements have been prepared by the Director of Support Enforcement in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Assets and liabilities

Assets are comprised of amounts received or receivable from debtors while liabilities represent the corresponding amount due to creditors.

(b) Receipts and disbursements

Receipts are recorded when amounts are received from debtors and disbursements are recorded when amounts are paid to creditors. Amounts paid directly to creditors by debtors are recorded as out-of-system support while amounts received by the Director of Support Enforcement are recorded as regular support. Amounts refunded to debtors or remitted to the Province are recorded as other payments.

2. Accounts receivable

Accounts receivable is comprised of amounts owing from debtors on registered support orders. The receivables are classified as follows:

2. Accounts receivable (cont.)

	2003	2002
Unenforceable support orders		
Debtor out of Province - reciprocal enforcement support orders	$ 8,932,997	$ 8,898,033
Debtor in receipt of social assistance	3,503,895	3,549,894
Stay of enforcement in place	2,147,311	1,948,216
	14,584,203	14,396,143
Enforceable support orders	6,568,948	5,677,997
	$21,153,151	$20,074,140

3. Other receivables

Other receivables $12,204 (2002 - $15,088) represent payments made to creditors when th corresponding debtor cheque was not negotiable or the payment was made in error.

4. Accounts payable

Accounts payable is comprised of amounts owing to creditors in accordance with registered suppor orders. The payables are classified as follows:

	2003	2002
Unenforceable support orders		
Debtor out of Province - reciprocal enforcement support orders	$ 8,932,997	$ 8,898,033
Debtor in receipt of social assistance	3,503,895	3,549,894
Stay of enforcement in place	2,147,311	1,948,216
	14,584,203	14,396,143
Enforceable support orders	6,800,421	5,876,342
	$21,384,624	$20,272,485

DIRECTOR OF SUPPORT ENFORCEMENT

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

5. Other payables

Other payables of $6,444 (2002 - $5,830) represent funds which have not been assigned to any debtor account. These amounts may eventually be paid to the Newfoundland Exchequer Account.

6. Related party transactions

For administrative purposes the Director of Support Enforcement operates as a division of the Department of Justice. Expenses related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements for those expenditures.

7. Income taxes

The Director of Support Enforcement operates as a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.

8. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Eastern Health and Community Services Board
Operating Fund
Financial Statements

March 31, 2003

Grant Thornton

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Chairman and Members of the
Eastern Health and Community Services Board

We have audited the statement of financial position of the **Eastern Health and Community Services Board – Operating Fund** as at March 31, 2003, and the statements of operations and changes in net deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Eastern Health and Community Services Board – Operating Fund as at March 31, 2003, and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
June 6, 2003

Grant Thornton LLP
Chartered Accountants

P.O. Box 8037
ICON Building
187 Kenmount Road
St. John's
Newfoundland and Labrador
A1B 3M7
T (709) 722-5960
F (709) 722-7892
E StJohns@GrantThornton.ca
W www.GrantThornton.ca

Canadian Member of Grant Thornton International

Eastern Health and Community Services Board
Operating Fund
Statement of Operations

Year Ended March 31	2003	2002
Revenue		
Provincial plan	$ 43,790,705	$ 39,844,366
National Child Benefit Program	617,555	612,779
Early Childhood Development Program	486,159	134,622
MCP revenue	458,609	385,278
Other income	37,672	17,303
Board Fund Grant	20,000	100,000
	45,410,700	41,094,348
Expenditure		
Operating		
Salaries	13,743,364	12,042,336
Benefits	2,745,638	2,463,799
Rent	964,321	961,962
Travel	773,839	764,722
Telephone	438,669	405,979
Medical supplies	345,806	276,529
Miscellaneous	818,926	713,132
	19,830,563	17,628,459
Program		
Family Rehabilitative Program	12,176,176	11,184,192
Home Support Program	5,581,509	5,754,800
Child Welfare Program	3,839,603	3,606,886
Personal Care Homes Program	2,397,325	2,182,755
Special Assistance Program	907,346	842,990
Early Childhood Development Program	303,025	85,829
National Child Benefit Program	135,819	221,880
Community Corrections Program	65,345	251,382
	25,406,148	24,130,714
	45,236,711	41,759,173
Surplus (deficit) prior to non-shareable items	173,989	(664,825)
Non-shareable items		
Amortization of deferred capital grants	(236,679)	(243,128)
Depreciation	236,679	243,128
Accrued severance expense increase	126,900	203,942
Accrued vacation expense increase	62,739	161,078
	189,639	365,020
Deficit on operations	$ (15,650)	$ (1,029,845)

See accompanying notes to the financial statements

Eastern Health and Community Services Board
Operating Fund
Statement of Financial Position

March 31	2003	2002
Assets		
Current		
Receivables (Note 3)	$ 3,515,860	$ 3,601,481
Due from Board Fund	42,448	97,617
Prepaid expenses	447,497	464,213
	4,005,805	4,163,311
Resident trust fund	39,884	37,232
Property and equipment (Note 4)	568,176	645,230
Equipment under capital lease (Note 4)	96,964	121,939
	$ 4,710,829	$ 4,967,712
Liabilities		
Current		
Bank indebtedness (Note 5)	$ 6,014,318	$ 5,893,862
Payables and accruals	1,435,135	1,925,742
Current portion of obligation under capital lease	32,321	30,485
Accrued vacation pay	1,205,987	1,143,248
Deferred contributions		
Operating	461,986	406,456
National Child Benefit	127,077	347,086
Early Childhood Development	541,529	186,269
	9,818,353	9,933,148
Resident trust liability	39,884	37,232
Accrued severance pay	2,116,390	1,989,490
Obligation under capital lease (Note 6)	64,643	91,454
Deferred contributions – capital (Note 7)	696,307	925,486
	12,735,577	12,976,810
Net Deficiency		
Deficiency	(8,024,748)	(8,009,098)
	$ 4,710,829	$ 4,967,712

Commitments (Note 9)

On behalf of the Board

Mildred Glynn Member

Member

See accompanying notes to the financial statements.

Eastern Health and Community Services Board
Operating Fund
Statement of Changes in Net Deficiency

Year Ended March 31	2003	2002
Balance, beginning of year	$(8,009,098)	$(6,979,253)
Deficit on operations	(15,650)	(1,029,845)
Balance, end of year	$(8,024,748)	$(8,009,098)

Deficiency comprised of:		
Balance prior to accrual for unfunded items	$(4,702,371)	$(4,876,368)
Vacation pay accrual	(1,205,987)	(1,143,240)
Severance pay accrual	(2,116,390)	(1,989,490)
	$(8,024,748)	$(8,009,098)

See accompanying notes to the financial statements.

Eastern Health and Community Services Board
Operating Fund
Statement of Cash Flows

Year Ended March 31	2003	2002
Increase (decrease) in cash and cash equivalents		
Operating		
Deficit on operations	$ (15,650)	$ (1,029,845)
Amortization of deferred capital grants	(236,679)	(243,128)
Depreciation	236,679	243,128
Increase in accrued severance pay	126,900	203,942
	111,250	(825,903)
Change in non-cash operating working capital (Note 8)	(79,581)	(1,146,070)
	31,669	(1,971,973)
Financing		
(Decrease) increase in bank borrowings	(800,000)	1,900,000
Capital grants Province of Newfoundland and Labrador	7,500	546,106
	(792,500)	2,446,106
Investing		
Purchase of equipment and leasehold improvements	(159,625)	(657,481)
Net decrease in cash and cash equivalents	(920,456)	(183,348)
Cash and cash equivalents		
Beginning of year	106,138	289,486
End of year	$ (814,318)	$ 106,138

See accompanying notes to the financial statements.

1. Nature of operations

The Eastern Health and Community Services Board - Operating Fund provides health promotion, health protection, continuing care and mental health and addictions services to the residents of the communities of the region. In addition, the Board administers the Home Support Program, Personal Care Home Program, Special Assistance Program, Family Rehabilitative Program, Child Welfare Program, Community Corrections Program, National Child Benefit Program and Early Childhood Development Program.

The Board is incorporated under the Health and Community Services Act of Newfoundland and Labrador and is exempt from income taxes under the Income Tax Act.

Any investment revenue and interest earned on the operating accounts are credited to the Board Fund.

The results of the Board Fund are presented in separate financial statements.

2. Summary of significant accounting policies

Use of estimates

In preparing the Board's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks (net of overdrafts). Bank borrowings are considered to be financing activities.

Capital assets

Purchases of minor equipment are charged to cost of services in the year they are purchased. Major equipment purchases are recorded at their full cost under capital assets.

Depreciation

Depreciation is recorded on the following bases and rates:

Furnishings	6 2/3%, declining balance
Computer software	20%, declining balance
Equipment	33 1/3%, declining balance
Vehicle	20%, declining balance
Leasehold improvements	30%, straight line
Equipment under capital lease	20%, straight line

Eastern Health and Community Services Board
Operating Fund
Notes to the Financial Statements
March 31, 2003

2. Summary of significant accounting policies (cont'd)

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

Deferred contributions

Grants received from the Province of Newfoundland and Labrador and the Board Fund relating to the acquisition of capital assets are recorded as deferred contributions and are amortized on the same basis as the related asset is depreciated. During the year a grant of $7,500 (2002 - $546,106) was received from the Department of Health and Community Services.

Revenue recognition

The Board follows the deferral method of accounting for contributions which include donations and government grants.

Medical supplies

Medical supplies are charged to cost of services when purchased.

3. Receivables

	2003	2002
Province of Newfoundland and Labrador	$ 3,216,967	$ 3,032,502
Other	298,893	568,979
	$ 3,515,860	$ 3,601,481

4. Property and equipment

	Cost	Accumulated Depreciation	2003 Net Book Value	2002 Net Book Value
Furnishings	$ 15,838	$ 4,784	$ 11,054	$ 11,845
Computer software	92,888	28,082	64,806	28,084
Equipment	741,482	481,627	259,855	296,306
Vehicle	58,443	35,065	23,378	40,910
Leasehold Improvements	361,224	152,141	209,083	268,085
	$ 1,269,875	$ 701,699	$ 568,176	$ 645,230

The cost of the equipment under the capital lease is $146,190. It is being amortized over the useful life of the equipment which is estimated to be five years. The amount of amortization charged to expense is $24,975 (2002 - $24,251).

5. Bank indebtedness

The Board had an authorized overdraft, supported by an authorization to borrow from the Province, of $5,200,000 at March 31, 2003. This authority to borrow and related overdraft was reduced to $3,000,000 on April 30, 2003 and expires on March 31, 2004.

Bank indebtedness consists of:

Operating line of credit	**$(5,200,000)**	$(6,000,000)
Cash and cash equivalents	**(814,318)**	106,138
	$(6,014,318)	$(5,893,862)

6. Obligations under capital lease

The obligation under capital lease is repayable at a rate of $15.10 per bloodline. Repayments in each of the next three years are estimated to be $32,321.

7. Deferred contributions - capital

Capital grants from the Province of Newfoundland and Labrador and the Board Fund received by the Board are deferred and amortized on a declining balance method consistent with the depreciation rate for the related asset purchased. The changes in the deferred capital grants balance for the year are as follows:

	2003	2002
Balance, beginning of year	$ 925,486	$ 622,508
Capital contributions from Province of Newfoundland and Labrador	7,500	546,106
Amortization for the year	(236,679)	(243,128)
Balance, end of year	$ 696,307	$ 925,486

8. Supplemental cash flow information

Change in non-cash operating working capital	2003	2002
Receivables	$ 85,621	$(2,168,676)
Due from Board Fund	55,169	(9,998)
Prepaid expenses	16,716	(1,053)
Payables and accruals	(490,607)	777,929
Accrued vacation pay	62,739	161,077
Deferred contributions	190,781	94,651
	$ (79,581)	$(1,146,070)

9. Commitments

a) The Board is committed to minimum annual rentals under lease agreements for office space, equipment and vehicles in the next five years as follows:

2004	$ 1,054,556
2005	$ 716,588
2006	$ 422,351
2007	$ 219,582
2008	$ 39,347

10. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

11. Comparative figures

Certain of the 2002 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2003.

Financial Statements of

GRENFELL REGIONAL HEALTH SERVICES BOARD OPERATING FUND

March 31, 2003

Deloitte
& Touche

Deloitte & Touche LLP
Deloitte & Touche Inc.
Fort William Building
10 Factory Lane
St. John's NL A1C 6H5
Canada

Tel: (709) 576 8480
Fax: (709) 576 8460
www.deloitte.ca

Deloitte & Touche

Auditors' Report

To the Members,
Grenfell Regional Health Services Board

We have audited the Operating Fund balance sheet of Grenfell Regional Health Services Board as at March 31, 2003 and the Operating Fund statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Operating Fund as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
May 23, 2003

GRENFELL REGIONAL HEALTH SERVICES BOARD
Operating Fund
Statement of Revenues and Expenditures
Year ended March 31, 2003

	2003 $	2002 $
REVENUES		
Provincial plan		
Operating	32,258,024	30,062,665
National Child Benefit	492,450	400,552
Early Child Development	168,074	32,432
MCP physician revenue	6,041,604	5,575,213
Inpatient	508,070	434,502
Outpatient	158,038	154,561
Long term care	688,304	591,954
Dental revenue	556,454	554,508
Drug recoveries	759,358	724,669
Medical	101,848	89,021
Ambulance	97,948	88,674
Miscellaneous	413,637	497,258
	42,243,809	39,206,009
EXPENDITURES		
Administration	4,297,923	3,764,335
Support services	7,531,805	7,474,269
Nursing inpatient services	8,308,167	7,537,684
Ambulatory care services	5,084,634	4,656,304
Diagnostic and therapeutic	3,960,738	3,908,586
Medical services	6,878,919	6,635,038
Community and social services	6,401,776	5,634,976
Education	148,447	170,864
	42,612,409	39,782,056
DEFICIT PRIOR TO OTHER OPERATIONS	(368,600)	(576,047)
OTHER OPERATIONS		
Air ambulance services	(164,506)	(1,513)
DEFICIT INCLUDING OTHER OPERATIONS	(533,106)	(577,560)
ADJUSTMENTS FOR NON-SHAREABLE ITEMS		
Amortization of deferred capital contributions	1,204,322	1,174,071
Amortization of capital assets	(1,217,179)	(1,183,724)
Gain on disposal of capital assets	707	-
Accrued vacation	(71,817)	(218,950)
Accrued severance	(526,578)	(166,688)
EXCESS OF EXPENDITURES OVER REVENUES	(1,143,651)	(972,851)

GRENFELL REGIONAL HEALTH SERVICES BOARD
Operating Fund
Statement of Changes in Net Assets
Year ended March 31, 2003

	2003			2002
	Invested In Capital Assets	Unrestricted	Total	Total
	$	$	$	$
BALANCE, BEGINNING OF YEAR	**32,169**	**(10,979,580)**	**(10,947,411)**	(9,974,560)
EXCESS OF EXPENDITURES OVER REVENUE	**(1,285)**	**(1,142,366)**	**(1,143,651)**	(972,851)
BALANCE, END OF YEAR	**30,884**	**(12,121,946)**	**(12,091,062)**	(10,947,411)

GRENFELL REGIONAL HEALTH SERVICES BOARD

Operating Fund

Balance Sheet

March 31, 2003

	2003	2002
ASSETS	$	$
CURRENT		
Accounts receivable	730,604	859,242
Inventories (Note 3)	708,521	716,671
Prepaid expenses	1,045,252	1,014,252
Due from Province of Newfoundland and Labrador	1,178,547	2,647,328
	3,662,924	5,237,493
SEGREGATED CASH	99,161	89,932
CAPITAL ASSETS (Note 4)	7,638,912	8,474,655
	11,400,997	13,802,080
LIABILITIES AND DEFICIT		
CURRENT		
Bank indebtedness (Note 5)	1,082,832	626,232
Accounts payable and accrued liabilities	3,531,888	3,121,978
Due to Board Fund	3,021,398	3,165,658
Accrued vacation pay	2,210,540	2,138,723
Current portion of long term debt (Note 6)	-	6,434
Deferred grants (Note 7)		
Capital	1,284,148	2,683,698
Operating	360,921	598,064
National Child Benefit	111,883	187,735
Early Child Development	51,794	82,868
	11,655,404	12,611,390
ACCUMULATED SEVERANCE PAY	4,228,627	3,702,049
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	7,608,028	8,436,052
	23,492,059	24,749,491
NET ASSETS (DEFICIENCY)		
Net assets invested in capital assets	30,884	32,169
Unrestricted net assets	(12,121,946)	(10,979,580)
	(12,091,062)	(10,947,411)
	11,400,997	13,802,080

Approved on Behalf of the Board:

Director Matthew Pike Director Robert H.

GRENFELL REGIONAL HEALTH SERVICES BOARD
Operating Fund
Statement of Cash Flows
Year ended March 31, 2003

	2003 $	2002 $
OPERATING ACTIVITIES		
Excess of expenditures over revenues	**(1,143,651)**	(972,851)
Adjustments for:		
Amortization of deferred capital contributions	**(1,204,322)**	(1,174,071)
Amortization of capital assets	**1,217,179**	1,183,724
Gain on disposal of capital assets	**(707)**	-
Change in non-cash working capital	**161,304**	663,422
Increase in accumulated severance pay	**526,578**	166,688
	(443,619)	(133,088)
INVESTING ACTIVITIES		
Purchase of capital assets	**(1,428,395)**	(1,397,411)
Proceeds on disposal of capital assets	**2,682**	-
	(1,425,713)	(1,397,411)
FINANCING ACTIVITIES		
Repayment of long term debt	**(6,434)**	(18,532)
Increase in deferred capital contributions	**1,428,395**	1,397,411
	1,421,961	1,378,879
NET DECREASE IN CASH	**(447,371)**	(151,620)
BANK INDEBTEDNESS, BEGINNING OF YEAR	**(536,300)**	(384,680)
BANK INDEBTEDNESS, END OF YEAR	**(983,671)**	(536,300)
COMPRISED OF:		
Bank indebtedness	**(1,082,832)**	(626,232)
Segregated cash	**99,161**	89,932
	(983,671)	(536,300)

1. DESCRIPTION OF BUSINESS

Grenfell Regional Health Services Board (the "Board") is a not-for-profit organization whose primary operations relate to the provision of health and community services and long term nursing care.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Basis of accounting

The Board employs fund accounting, classifying financial statement items in either the Operating Fund or Board Fund. These funds together comprise the Combined Funds.

The Operating Fund includes the primary operations and the operating assets and liabilities of the Board. Revenues (including grants and subsidies) and expenditures relate primarily to the provision of health and community services and long term nursing care.

Revenue and expenditure recognition

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Inventories

Inventories consist of medical, surgical and general supplies, drugs, fuel oil and aircraft parts. Medical, surgical and general supplies and drugs are valued at the lower of cost, determined on an average cost basis, and net realizable value. Fuel oil and aircraft parts are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

Capital assets

Capital assets are recorded at cost. The Charles S. Curtis Memorial Hospital and the John M. Gray Centre are not recorded as assets of the Board since the Board does not hold title to them.

Amortization is recorded in the financial statements using the following amortization policies:

Buildings - 5% declining balance method
Equipment and vehicles - 20% declining balance method

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Severance pay

The liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of continual service.

Pension costs

Employees of the Board are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Board. The annual contributions by the Board for pensions are recognized in the accounts on a current basis.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. INVENTORIES

	2003 $	2002 $
Medical, surgical and general supplies	**171,865**	160,788
Drugs	**222,353**	249,855
Fuel oil	**11,098**	20,145
Aircraft parts	**303,205**	285,883
	708,521	716,671

4. CAPITAL ASSETS

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Land and buildings	7,258,591	3,793,609	3,464,982	4,691,072
Equipment and vehicles	14,601,865	10,427,935	4,173,930	3,783,583
	21,860,456	14,221,544	7,638,912	8,474,655

5. OPERATING LINE OF CREDIT

The Board has an unsecured operating line of credit of $1,500,000, of which $1,444,140 had been used as at March 31, 2003. The line of credit bears interest at the bank's prime lending.

6. LONG TERM DEBT

	2003	2002
	$	$
Royal Bank of Canada , repaid during the year	-	6,434
Less: Current portion	-	(6,434)
	-	-

7. DEFERRED GRANTS

Deferred grants represent funding received for specific use such as for capital equipment, operating activities, National Child Benefit and Early Child Development that have not been expended during the year.

8. DEFERRED CAPITAL CONTRIBUTIONS

Contributions received and restricted for the purchase of capital assets are deferred and amortized on the same basis as the corresponding asset.

The deferred capital contributions balance represents the unamortized portion of these restricted contributions.

	2003 $	2002 $
Beginning balance	**8,436,052**	8,212,712
Add: Capital contributions	**1,428,395**	1,397,411
Less: Capital reduction	**(1,052,097)**	-
Less: Amounts amortized to revenue	**(1,204,322)**	(1,174,071)
Ending balance	**7,608,028**	8,436,052

The capital reduction of $1,052,097 represents the removal of amounts relating to assets where title rests with the Government of Newfoundland and Labrador.

9. FINANCIAL INSTRUMENTS

The carrying amounts for the Board's financial instruments included in current assets and current liabilities approximate fair value due to the short term maturity and normal credit terms of these instruments.

The carrying value of long term debt financing approximates its fair value based on current borrowing rates available to the Board.

10. CONTRACTUAL AGREEMENTS

Leases

The Board, in the course of its operations, has entered into agreements for the lease of medical and office equipment and vehicles. Most arrangements are provided on a year to year basis. For those arrangements extending beyond one year, the following are the fixed lease obligations required in each of the next five years:

	$
2004	125,000
2005	125,000
2006	110,000
2007	93,000
2008	-

11. CONTRACTUAL AGREEMENTS (Continued)

Energy Performance Contract

The Board entered into an Energy Performance Contract on February 15, 2000 with Johnson Controls Ltd. for the design, implementation and monitoring of energy efficiency improvements. The cost of the contract is $1,660,616 and is to be repaid from energy and operating savings at $15,250 per month over a period of 8.2 years plus lump sum amounts aggregating an additional $166,116.

Johnson Controls Ltd. has assigned payments under the contract to the Bank of Nova Scotia. As at March 31, 2003, the outstanding balance of the financing through the bank was $973,918. The Board's obligation for payment is limited to actual cost savings as Johnson Controls Ltd. has guaranteed the reduction in operating costs would equal or exceed the costs incurred under the contract.

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments under the contract are being reported in the Board's operating statements as a normal operating cost.

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member of
Grant Thornton International

Health Care Corporation of St. John's - Operating Fund
Financial Statements
March 31, 2002

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member of Grant
Thornton International

Grant Thornton

Auditors' Report

To the Board of Trustees
Health Care Corporation of St. John's

We have audited the statement of financial position of the Health Care Corporation of St. John's - Operating Fund as at March 31, 2002 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation's operating fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, Newfoundland
June 21, 2002

Grant Thornton LLP

Chartered Accountants

P.O. Box 8037
ICON Building
187 Kenmount Road
St. John's
Newfoundland
A1B 3M7
Tel: (709) 722-5960

Health Care Corporation of St. John's
Operating Fund
Statement of Operations

Year Ended March 31 (in thousands of dollars)	2002	2001
Revenue		
Provincial plan	$ 347,475	$ 313,706
Other	44,417	42,725
	391,892	356,431
Expenditure		
Administration and support	87,645	83,846
Interest on long term debt	9,773	7,972
Clinical programs		
Child/women's health	37,337	37,767
Medicine	30,727	30,535
Mental health	28,790	28,035
Perioperative	22,640	22,241
Surgery	22,281	21,752
Laboratory services	18,808	16,236
Diagnostic imaging	16,593	15,144
Cardiac/critical care	30,855	28,521
Ambulatory care	18,017	16,738
Rehabilitation/continuing care	15,826	15,009
Bell Island/Ferryland	1,842	1,772
Other	1,211	1,194
Medical services/education	35,763	32,533
Pharmacy and therapeutic services	8,752	7,847
Other	3,374	3,203
	390,234	370,345
Excess of revenue over expenditure (expenditure over revenue) before undernoted items	1,658	(13,914)
Depreciation	12,408	11,268
Amortization of deferred contributions	(8,646)	(5,184)
Increase in severance pay accrual	2,727	3,750
	6,489	9,834
Excess of expenditure over revenue	$ (4,831)	$ (23,748)

See accompanying notes to the financial statements.

Health Care Corporation of St. John's
Operating Fund
Statement of Changes in Net Assets

Year Ended March 31 (in thousands of dollars)	Invested in Capital assets	Deficit	2002	2001
Balance, beginning of year	$ 51,092	$ (72,743)	**$ (21,651)**	$ 2,097
Excess of expenditure over revenue	-	(4,831)	**(4,831)**	(23,748)
Depreciation	(12,408)	12,408	-	-
Amortization of deferred contributions	8,646	(8,646)	-	-
Balance, end of year	$ 47,330	$(73,812)	**$ (26,482)**	$(21,651)

See accompanying notes to the financial statements.

Health Care Corporation of St. John's
Operating Fund
Statement of Financial Position

March 31

(in thousands of dollars)	2002	2001
Assets		
Current		
Cash		$ 3,427
Accounts receivable (Note 4)	$ 24,430	21,102
Supplies inventory (Note 5)	4,131	4,444
Prepaid expenses	766	683
	29,327	29,656
Capital assets (Note 6)	244,215	241,866
Capital campaign funds (Note 7)	16,214	-
Trust funds (Note 8)	658	612
	$ 290,414	$ 272,134
Liabilities		
Current		
Bank indebtedness (Note 9)	$ 8,170	
Accounts payables and accrued liabilities	34,149	$ 32,614
Payable to other funds	-	8,204
Accrued vacation pay	12,252	11,847
Current portion of long term debt	1,005	945
Current portion of obligations under capital leases	673	683
Current portion of accrued severance pay	1,724	808
Deferred revenue	4,107	2,569
	62,080	57,670
Contractual obligations (Note 10)	905	1,925
Long term debt (Note 11)	147,895	142,664
Obligations under capital leases (Note 12)	669	765
Deferred contributions - capital	42,765	37,550
Capital campaign funds (Note 7)	16,214	8,700
Accrued severance pay	45,710	43,899
	316,238	293,173
Trust funds (Note 8)	658	612
Net Assets (Deficiency)		
Net assets invested in capital assets	47,330	51,092
Deficit	(73,812)	(72,743)
	(26,482)	(21,651)
	$ 290,414	$ 272,134

Contingencies (Note 14)

Commitments (Note 15)

On Behalf of the Board

_______________ Trustee _______________ Trustee

See accompanying notes to the financial statements.

Health Care Corporation of St. John's
Operating Fund
Statement of Cash Flows

Year Ended March 31

(in thousands of dollars)	2002	2001
Increase (decrease) in cash and cash equivalents		
Operating activities		
Excess of expenditure over revenue	$ (4,831)	$ (23,748)
Add items not requiring a cash outlay		
Depreciation	12,408	11,268
Amortization of deferred contributions	(8,646)	(5,184)
Increase in severance pay accrual	2,727	3,750
	1,658	(13,914)
Change in non-cash operating working capital (Note 13)	(7,888)	18,224
Cash (used) provided by operating activities	(6,230)	4,310
Financing activities		
Capital asset contributions	13,861	3,248
Increase in bank borrowings	8,190	-
Decrease in contractual obligations	(1,020)	(108,430)
Proceeds from long term debt	7,000	130,000
Repayment of long term debt	(943)	(886)
Sinking fund payments	(766)	-
Proceeds from obligations under capital leases	502	203
Repayment of obligations under capital leases	(608)	(1,139)
Repayment to capital campaign fund	(8,700)	-
Cash provided by financing activities	17,516	22,996
Investing activities		
Accounts receivable - equipment	64	4,897
Construction and purchase of capital assets	(14,757)	(38,252)
Cash used in investing activities	(14,693)	(33,355)
Net decrease in cash and cash equivalents	(3,407)	(6,049)
Cash and cash equivalents		
Beginning of year	3,427	9,476
End of year	$ 20	$ 3,427

See accompanying notes to the financial statements.

1. Nature of operations

Effective April 1, 1995, the Health Care Corporation of St. John's (the Corporation) was constituted by the Hospitals Act (Health Care Corporation of St. John's) Constitution Order to manage and control the operations, facilities, services and programs of several institutions which, prior to this date, were individually controlled entities. These institutions currently operate from the following sites:

Health Sciences Centre
St. Clare's Mercy Hospital
Waterford Hospital
Leonard A. Miller Centre
Dr. Walter Templeman Health Centre
Janeway Child Health and Rehabilitation Centre

The Corporation is a registered charity and, while registered, is exempt from income tax.

2. Summary of significant accounting policies

The financial statements of the Corporation have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Corporation are as follows:

Basis of presentation

The Corporation applies fund accounting principles in recording its financial transactions in the Operating Fund.

The Operating Fund contains all the operating assets, liabilities, revenue and expenditure of the Corporation related to the provision of hospital services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Corporation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

Supplies inventory

Supplies inventory is valued at average cost, determined on a first-in first-out basis.

2. **Summary of significant accounting policies** (cont'd.)

Capital assets

The Corporation has recorded all capital assets over which it has control, although title to certain of these assets rests with the Government of Newfoundland and Labrador. Capital assets recorded prior to the merger are recorded at either cost, nominal, or approximate fair value, on the basis of accounting used by the predecessor entities. Capital assets acquired after April 1, 1995 are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets at the following rates.

Buildings and renovations	2%
Equipment	15% - 20%
Equipment under capital leases	15%
Land improvements	5% - 10%

Construction in progress is not depreciated until the project is substantially complete at which time the project costs are transferred to buildings and renovations and depreciated accordingly.

Minor equipment purchases are charged to operations in the year of acquisition.

Capital and operating leases

A lease that transfers substantially all of the benefits and risks incidental to ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. Assets acquired under capital leases are amortized on the same basis as other capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in net assets.

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

2. Summary of significant accounting policies (cont'd.)

Budget funding

The Corporation is reimbursed by the Department of Health and Community Services for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Corporation.

Pension costs

Employees of the Corporation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

Debenture discount and commission

The debenture discount and financing fees are amortized on a straight-line basis over the term of the debenture.

Sinking funds

Sinking funds established for the retirement of debentures are held and administered in trust by the Government of Newfoundland and Labrador.

Contributed services

Volunteers contribute approximately 61,000 hours per year to assist the Corporation in carrying out its service delivery activities. Due to the difficulty of determining fair value, contributed services are not recognized in the financial statements.

3. Control of not-for-profit entities

The Corporation controls the General Hospital Health Foundation, Janeway Children's Hospital Foundation, St. Clare's Mercy Hospital Foundation and the Waterford Hospital Foundation Inc. These Foundations raise funds from the community for the capital equipment needs of the Corporation. The Foundations are incorporated under the Corporations Act of Newfoundland and Labrador and are registered charities under the Income Tax Act.

The Corporation also controls the General Hospital Hostel Association and the Northwest Rotary-Janeway Hostel Corporation. These Hostels were established to provide accommodations for family members of patients.

The Capital Campaign Fund consists of donations received from corporations and individuals, as well as foundations and auxiliaries, with matching funds by the Government of Newfoundland and Labrador. The funds will be used to purchase equipment for various hospital sites of the Corporation.

These not-for-profit entities have not been consolidated in the Corporation's financial statements, however separate financial statements are available on request. Financial summaries of these non-consolidated entities as at March 31, 2002 and 2001 and for the years then ended are as follows (in thousands of dollars):

	Foundations		Hostels	
	2002	2001	2002	2001
Financial Position				
Total assets	$ 4,440	$ 4,825	$ 9,258	$ 6,748
Total liabilities	1,472	1,673	9,180	$ 6,691
Total net assets	2,968	3,152	78	57
	$ 4,440	$ 4,825	$ 9,258	$ 6,748
Results of Operations				
Total revenues	$ 4,997	$ 3,717	$ 1,526	$ 1,455
Total expenses	5,181	2,614	1,494	1,405
Excess of revenues over expenses (expenses over revenue)	$ (184)	$ 1,103	$ 32	$ 50
Cash Flows				
Cash from operations	$ (425)	$ 851	$ 3,365	$ (1,089)
Cash used in financing and investing activities	4	323	(3,293)	1,270
Increase (decrease) in cash	$ (421)	$ 1,174	$ 72	$ 181

3. Control of not-for-profit entities (cont'd.)

	Board Fund		Capital Campaign Fund	
	2002	2001	2002	2001
Financial Position				
Total assets	$ -	$ 7,402	$ 23,264	$ 9,048
Total liabilities	-	55	18,121	$ 8,569
Total net assets	-	7,347	5,143	479
	$ -	$ 7,402	$ 23,264	$ 9,048
Results of Operations				
Total revenues	$ 1,477	$ 2,625	$ 8,851	$ 859
Total expenses	5,550	1,625	4,188	380
Excess of revenues over expenses (expenses over revenue)	$ (4,073)	$ 1,000	$ 4,663	$ 479
Cash Flows				
Cash from operations	$ 3,079	$ 1,110	$ 6,052	$ 685
Cash used in financing and investing activities	(3,135)	(7,192)	515	(515)
Increase (decrease) in cash	$ (56)	$ (6,082)	$ 6,567	$ 170

Board Fund

As of March 31, 2002, the Board of Directors approved a resolution that the assets, liabilities and net assets of the Board Fund (excluding those relating to the capital campaign) be transferred to the Operating Fund. The net assets of $3,274,000 were transferred to the Operating Fund as a capital grant and included in deferred capital contributions.

4. **Accounts receivable**	2002	2001
Government of Newfoundland and Labrador		
Operating	$ 5,605	$ 3,455
Severance and redundancy	1,639	1,000
Equipment	1,289	1,353
	8,533	5,808
Services to patients	5,441	6,150
Newfoundland Cancer Treatment & Research Foundation	3,529	4,455
Foundations and Hostels (Note 16)	2,543	1,736
Other	4,384	2,953
	$ 24,340	$ 21,102

5. Supplies inventory

	2002	2001
Medical and surgical supplies	$ 1,379	$ 1,464
Drugs	1,469	1,655
Other	1,283	1,325
	$ 4,131	$ 4,444

6. Capital assets

	2002		
	Cost	Accumulated Depreciation	Net Book Value
Land and land improvements	$ 2,006	$ 456	$ 1,550
Buildings and renovations	274,539	72,046	202,493
Equipment	154,150	120,691	33,459
Equipment under capital leases	12,703	10,865	1,838
Construction in progress	4,875		4,875
	$ 448,273	$ 204,058	$ 244,215

	2001		
	Cost	Accumulated Depreciation	Net Book Value
Land and land improvements	$ 1,822	$ 433	$ 1,389
Buildings and renovations	188,415	66,701	121,714
Equipment	135,047	114,425	20,622
Equipment under capital leases	12,200	10,000	2,200
Construction in progress	95,941	-	95,941
	$ 433,425	$ 191,559	$ 241,866

7. Capital campaign funds

The Government of Newfoundland and Labrador will provide funding to the Capital Campaign Fund by matching the donations earned by the Campaign.

Since the inception of the Capital Campaign, the Government of Newfoundland and Labrador advanced the Operating Fund $22,200,000 (2001 - $8,700,000). These funds will be repaid to the Capital Campaign Fund by the Operating Fund as matching funds are earned.

During 2002, the Capital Campaign earned $5,471,170 (2001 - $514,560) in matching funds and these amounts were repaid to the Capital Campaign Fund by the Operating Fund.

8. Trust funds

Funds belonging to the patients of the Corporation are being held in trust for the benefit of the patients.

9. Bank indebtedness

The Corporation has an unsecured operating line of credit of $30,000,000, of which $15,190,500 had been used as of March 31, 2002. Of this amount, approximately $7,000,000 was used to fund capital projects of the Corporation and has been classified as long term debt.

The line of credit bears interest at the bank's prime lending rate less 1%.

As of June 7, 2002, the line of credit was reduced to $10,000,000.

10. Contractual obligations

	2002	2001
Accounts payable and accrued liabilities	$ 905	$ 1,925

During the prior year, the Corporation substantially completed the construction of a new children's facility at the Health Sciences Centre site and renovation projects to St. Clare's Mercy Hospital and the Health Sciences Centre. Project costs incurred to March 31, 2002 amounted to $135,430,000 (2001 - $131,737,000). Total project costs are estimated at $136,000,000.

During 2001, the Corporation issued a sinking fund debenture in the amount of $130,000,000 to finance the new children's facility and renovation projects; and the Board Fund appropriated $3,000,000 from net assets towards the additional costs. The terms and conditions relating to long term financing arrangements for the remaining costs have not been finalized.

11. Long term debt

	2002	2001
Sinking Fund Debenture, Series HCC1, 6.9%, to mature June 15, 2040, interest payable semi-annually on June 15 and December 15.	$ 130,000	$ 130,000
Royal Bank of Canada (re Central Kitchen), 6.06% loan for 15 year term and amortization, payable in monthly instalments of principal and interest of $101,670.	10,482	11,047
Royal Bank of Canada (re Centre for Nursing Studies); 6.66% loan for 7 year term and amortization, payable in monthly instalments of principal and interest of $44,847.	2,184	2,562
Bank of Montreal (re capital projects), demand loan, interest at bank's prime lending rate less 1%. Terms and conditions relating to long term financing arrangements for these projects have not been finalized.	7,000	-
	149,666	143,609
Less: current portion	1,005	945
	148,661	142,664
Less: sinking funds available	766	-
	$ 147,895	$ 142,664

11. Long term debt (cont'd.)

A sinking fund was established for the retirement of the debenture and is to be held in trust by the Government of Newfoundland and Labrador. The annual principal payment to the sinking fund is $747,500.

The interest and mandatory sinking fund payments of the debenture are guaranteed by the Government of Newfoundland and Labrador.

Principal repayments on the loans in each of the next five years are as follows: 2003 - $1,005,000; 2004 - $1,070,000; 2005 - $1,140,000; 2006 - $1,214,000; and, 2007 - $1,158,000.

12. Obligations under capital leases

The Corporation has acquired medical and surgical equipment under the terms of capital leases. Payments under the leases, scheduled to expire at various dates to March 31, 2007, are as follows:

Fiscal year ended	
2003	$ 705
2004	362
2005	126
2006	115
2007	115
	1,423
Less amount representing interest (ranging from 5.4% to 9.0%)	81
	1,342
Less: current portion	673
	$ 669

13. Supplemental cash flow information

	2002	2001
Change in non-cash operating working capital		
Accounts receivable	$ (3,392)	$ (443)
Supplies inventory	313	(1,183)
Prepaid expenses	(83)	(6)
Accounts payable and accrued liabilities	1,535	5,058
Payable to other funds	(8,204)	16,904
Accrued vacation pay	405	1,165
Deferred revenue	1,538	(3,271)
	$ (7,888)	$ 18,224

13. Supplemental cash flow information (cont'd.)

	2002	2001
Bank indebtedness consists of:		
Operating line of credit	$ (15,190)	$ -
Bank accounts and cash	20	3,427
	(15,170)	3,427
Less: portion classified as long term debt	7,000	-
	$ (8,170)	$ 3,427

14. Contingencies

Guarantees

The Corporation has guaranteed a first mortgage of the General Hospital Hostel Association (the Association) held by the Newfoundland and Labrador Housing Corporation. The balance of the mortgage outstanding at March 31, 2002 was $1,902,000 (2001 - $1,963,000).

The Corporation has guaranteed an additional term loan of the Association held by the Royal Bank of Canada. The balance of the loan outstanding at March 31, 2002 was $1,074,000 (2001 - $1,101,000).

Management believes the Corporation will not be called upon to honour these guarantees.

Other

A number of claims have been filed against the Corporation. No provision has been recorded in the accounts for these claims as the Corporation is not expected to incur any significant liability, and an estimate of loss, if any, is not determinable at this time.

15. Commitments

Operating leases

Under the terms of several long-term operating leases related to hospital and office equipment, the Corporation is committed to make the approximate annual lease payments to March 31, 2005 as follows:

2003	$ 277
2004	189
2005	84
	$ 550

15. Commitments (cont'd.)

Energy Performance Contract

The Corporation entered into an Energy Performance Contract on November 21, 1996 with Honeywell Ltd. for the design and implementation of measures to improve energy efficiency, wherein Honeywell Ltd. guaranteed the energy savings component.

The final contract amount was $10,515,625 and is to be repaid from operating and energy savings over a seven year period at the rate of $161,810 per month, including principal and interest.

As of March 31, 2002 the balance of the expenditures financed through the Bank of Nova Scotia amounted to $8,706,355. As support for the financing, Honeywell Ltd. has assigned to the bank any funds due to them by the Corporation for the energy savings component of the contract.

In the opinion of management of the Corporation, the guaranteed energy savings component by Honeywell Ltd. is an offset to any obligation of the Corporation under the assignment to the bank, and as a consequence neither the capital expenditures or the bank loan obligation is reflected in the financial statements of the Corporation at March 31, 2002.

16. Related party transactions

Contributions to the Corporation during the year are as follows:

	2002	2001
Janeway Children's Hospital Foundation	$ 762	$ 624
St. Clare's Mercy Hospital Foundation	461	39
General Hospital Health Foundation	142	79
Waterford Foundation Inc.	10	-
General Hospital Hostel Association	213	213
Northwest Rotary - Janeway Hostel Corporation	10	10
	$ 1,598	$ 965

At year end, the amounts receivable from related parties are as follows:

	2002	2001
Janeway Children's Hospital Foundation	$ 334	$ 359
General Hospital Health Foundation	93	387
St. Clare's Mercy Hospital Foundation	30	26
Waterford Foundation Inc.	29	29
General Hospital Hostel Association	1,537	570
Northwest Rotary – Janeway Hostel Corporation	520	365
	$ 2,543	$ 1,736

Other

Various volunteer and auxiliary associations/organizations solicit donations, operate gift shops and hostels and undertake fund raising activities to provide operating and capital donations to further the objectives of the Corporation.

17. Financial instruments

The Corporation's primary financial instruments recognized in the balance sheet consist of cash, accounts receivable, current liabilities, accrued severance pay, contractual obligations, long term debt and obligations under capital leases. The carrying value of the primary financial instruments of the Corporation approximate fair value due to the normal trade credit terms and conditions of those instruments.

At year end the Corporation did not have any significant exposure to any party or counterparty.

18. Comparative figures

Certain of the 2001 comparative figures have been reclassified from the financial statements previously presented to conform with the financial statement presentation adopted for the current year.

19. Subsequent events

On April 30, 2002 the Department of Health and Community Services provided the Corporation with a payment in the amount of $2,622,600 from its 2001/2002 provincial plan revenue. This funding relates to the cost of pay equity adjustments that were retroactive to 2000/2001. Although the pay equity adjustments are retroactive to 2000/2001 they will not be paid until 2002/2003 with the expense and corresponding provincial plan revenue being recorded in the financial statements for the year ending March 31, 2003.

The payment of $2,622,600 is preliminary and is subject to change through adjustment of 2002/2003 grant advances following implementation and determination of actual costs.

HEALTH LABRADOR CORPORATION

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 2003

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Board of Directors of **Health Labrador Corporation**

We have audited the consolidated balance sheet of **Health Labrador Corporation** as at March 31, 2003 and the consolidated statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters Hoffe

Chartered Accountants

Happy Valley-Goose Bay, NL

August 2, 2003

P.O. BOX 1029, STATION B, HAPPY VALLEY-GOOSE BAY, LABRADOR A0P 1E0 • TELEPHONE (709) 896-2961 • FAX (709) 896-9160

HEALTH LABRADOR CORPORATION

Consolidated

Balance Sheet

March 31, 2003	2003	2002
Assets		
Current assets:		
Cash	$ 1,356,323	2,134,233
Restricted cash (Note 3)	1,286,382	1,259,069
Receivables, less doubtful of $656,700 (2002 - $606,485)	3,096,578	4,540,560
Inventories	658,032	670,008
Prepaid expenses	188,358	109,285
Total current assets	6,585,673	8,713,155
Residents' Trust funds held on deposit	89,114	91,901
Capital assets (Note 4)	12,370,593	12,537,021
	$ 19,045,380	21,342,077
Liabilities		
Current liabilities:		
Bank indebtedness (Note 5)	$ 10,036,246	11,033,068
Payables and accruals	4,048,004	3,268,211
Accrued liabilities	4,413	9,933
Accrued vacation pay	1,747,800	1,547,814
Other accrued benefits	886,893	557,324
Deferred contributions - operating	159,413	470,426
- National Child Benefit (NCB) and Early Childhood Development (ECD)programs	343,976	485,859
- capital	493,200	1,438,480
- special purpose funds	659,553	991,766
Current portion of accrued severance pay - estimated	233,841	258,521
Current portion of long-term debt (Note 6)	10,463	9,490
Total current liabilities	18,623,802	20,070,892
Residents' Trust Funds payable	89,114	91,901
Accrued severance pay, less estimated current portion of $233,841 (2002 - $258,521)	2,915,096	2,512,164
Long-term debt (Note 6)	1,265,565	1,276,028
Deferred contributions related to capital assets (Note 7)	9,779,233	9,986,425
	32,672,810	33,937,410
Net assets, per accompanying statement:		
Net assets invested in capital assets	1,315,332	1,265,077
Net assets restricted for endowment purposes	215,917	215,917
Net assets internally restricted for Board purposes	(148,502)	51,386
Unrestricted net assets	(15,010,177)	(14,127,713)
	(13,627,430)	(12,595,333)
Contingencies (Note 12)		
	$ 19,045,380	21,342,077

See accompanying notes

Approved:

____________ **Director**

____________ **Director**

HEALTH LABRADOR CORPORATION

Consolidated

Statement of Changes in Net Assets

Year ended March 31, 2003

	2003					2002
	Invested in Capital Assets	Restricted for Endowment Purposes	Restricted for Board Purposes	Unrestricted Operating	Total	Total
Balance, beginning	$ 1,265,077	215,917	51,386	(14,127,713)	(12,595,333)	(10,576,797)
Deficiency of revenue over expenditure	(192,942)	-	(199,888)	(652,287)	(1,045,117)	(2,042,302)
Contributions restricted for the purchase of artwork	13,020	-	-	-	13,020	23,766
Investment in capital assets (Note 8)	230,177	-	-	(230,177)	-	-
Balance, ending	$ 1,315,332	215,917	(148,502)	(15,010,177)	(13,627,430)	(12,595,333)

See accompanying notes

HEALTH LABRADOR CORPORATION

Consolidated

Statement of Operations

Year ended March 31, 2003	2003	2002
Revenue:		
Provincial plan - operating	$ 38,576,865	37,799,980
National Child Benefit	847,485	736,683
MCP physicians	4,387,049	4,097,394
Child Youth and Family Services Agreement	2,306,881	-
Inpatient	475,126	201,798
Outpatient	455,528	464,834
Long-term care	534,638	481,393
Other (Note 9)	2,267,597	2,320,608
	49,851,169	46,102,690
Expenditure:		
Administration	4,463,824	3,880,311
Support services	7,318,530	7,202,855
Nursing inpatient services	8,007,146	7,096,789
Ambulatory care services	6,168,456	5,803,659
Diagnostic and therapeutic services	4,522,694	4,228,529
Community and social services	13,154,561	13,240,700
Medical services	4,909,228	4,539,246
Education	698,678	672,768
Board	266,874	271,530
Undistributed	758,563	432,784
	50,268,554	47,369,171
Deficit prior to other operations	(417,385)	(1,266,481)
Air ambulance services - net (Note 10)	143,449	(312,361)
Deficit after other operations	(273,936)	(1,578,842)
Non-shareable items:		
Amortization	1,796,228	1,863,426
Accrued vacation pay - increase	199,986	149,118
Accrued severance pay - increase	378,253	132,963
Amortization of deferred capital grants	(1,603,286)	(1,682,047)
	771,181	463,460
Deficiency of revenue over expenditure (Note 12)	$(1,045,117)	(2,042,302)

See accompanying notes

HEALTH LABRADOR CORPORATION

Consolidated

Statement of Cash Flow

Year ended March 31, 2003

	2003	2002
Cash flows:		
Operations:		
Deficiency of revenue over expenditure	$(1,045,117)	(2,042,302)
Amortization	1,796,228	1,863,426
Loss on disposal of capital assets	30,288	-
Amortization of deferred capital grants	(1,603,286)	(1,682,047)
Unamortized contributions on assets disposed	(73,884)	-
	(895,771)	(1,860,923)
Changes in:		
Investments	-	466,413
Receivables	1,443,982	(175,040)
Inventories	11,976	(19,975)
Prepaid expenses	(79,073)	17,681
Payables and accruals	1,103,842	(1,124,374)
Accrued vacation pay	199,986	149,118
Deferred contributions - operating, NCB and ECD programs	(452,896)	91,038
Accrued severance pay	378,252	132,963
	1,710,298	(2,323,099)
Investing:		
Additions to capital assets	(1,703,685)	(2,962,988)
Proceeds from disposal of capital assets	43,597	-
	(1,660,088)	(2,962,988)
Financing:		
Deferred contributions - capital	(945,280)	(187,135)
- special purpose funds	(332,213)	(908,666)
Repayment of long-term debt	(9,490)	(8,609)
Deferred contributions related to capital assets purchased	1,482,998	2,624,855
	196,015	1,520,445
Net increase (decrease) in cash and cash equivalents	246,225	(3,765,642)
Cash and cash equivalents:		
Beginning	(7,639,766)	(3,874,124)
Ending	$(7,393,541)	(7,639,766)
Represented by:		
Cash	$ 1,356,323	2,134,233
Restricted cash (Note 3)	1,286,382	1,259,069
Bank indebtedness (Note 5)	(10,036,246)	(11,033,068)
	$(7,393,541)	(7,639,766)

See accompanying notes

HEALTH LABRADOR CORPORATION

Operating Fund

Balance Sheet

March 31, 2003

	2003	2002
Assets		
Current assets:		
Cash	$ 1,356,323	2,134,233
Restricted cash (Note 3)	1,070,465	991,766
Receivables, less doubtful of $656,700 (2002 - $606,485)	3,096,578	4,540,560
Inventories	658,032	670,008
Prepaid expenses	188,358	109,285
Total current assets	6,369,756	8,445,852
Due from Board Fund	148,502	-
Residents' Trust funds held on deposit	89,114	91,901
Capital assets (Note 4)	12,370,593	12,537,021
	$ 18,977,965	21,074,774
Liabilities		
Current liabilities:		
Bank indebtedness (Note 5)	$ 10,036,246	11,033,068
Accounts payable	4,048,004	3,268,211
Accrued liabilities	4,413	9,933
Accrued vacation pay	1,747,800	1,547,814
Other accrued liabilities	886,893	557,324
Deferred contributions - operating	159,413	470,426
- NCB and ECD programs	343,976	485,859
- capital	493,200	1,438,480
- special purpose funds	659,553	991,766
Current portion of accrued severance pay - estimated	233,841	258,521
Current portion of long-term debt (Note 6)	10,463	9,490
Total current liabilities	18,623,802	20,070,892
Residents' Trust Funds payable	89,114	91,901
Accrued severance pay, less estimated current portion of $233,841 (2002 - $258,521)	2,915,096	2,512,164
Long-term debt (Note 6)	1,265,565	1,276,028
Deferred contributions related to capital assets (Note 7)	9,779,233	9,986,425
	32,672,810	33,937,410
Net assets, per accompanying statement		
Net assets invested in capital assets	1,315,332	1,265,077
Unrestricted net assets	(15,010,177)	(14,127,713)
	(13,694,845)	(12,862,636)
	$ 18,977,965	21,074,774

See accompanying notes

Approved:

Director

Director

HEALTH LABRADOR CORPORATION

Operating Fund

Statement of Changes in Net Assets

Year ended March 31, 2003

	2003			2002
	Invested in Capital Assets	Unrestricted Operating	Total	Total
Balance, beginning	$ 1,265,077	(14,127,713)	(12,862,636)	(10,974,571)
Deficiency of revenue over expenditure	(192,942)	(652,287)	(845,229)	(1,911,831)
Contributions restricted for the purchase of artwork	13,020	-	13,020	23,766
Investment in capital assets (Note 8)	230,177	(230,177)	-	-
Balance, ending	$ 1,315,332	(15,010,177)	(13,694,845)	(12,862,636)

See accompanying notes

HEALTH LABRADOR CORPORATION

Operating Fund

Statement of Operations

Year ended March 31, 2003	2003	2002
Revenue:		
Provincial plan - operating	$ 38,576,865	37,799,980
National Child Benefit	847,485	736,683
MCP physicians	4,387,049	4,097,394
Child Youth and Family Services Agreement	2,306,881	-
Inpatient	475,126	201,798
Outpatient	455,528	464,834
Long-term care	534,638	481,393
Other (Note 9)	2,200,611	2,179,549
	49,784,183	45,961,631
Expenditure:		
Administration	4,463,824	3,880,311
Support services	7,318,530	7,202,855
Nursing inpatient services	8,007,146	7,096,789
Ambulatory care services	6,168,456	5,803,659
Diagnostic and therapeutic services	4,522,694	4,228,529
Community and social services	13,154,561	13,240,700
Medical services	4,909,228	4,539,246
Education	698,678	672,768
Undistributed	758,563	432,784
	50,001,680	47,097,641
Deficit prior to other operations	(217,497)	(1,136,010)
Air ambulance services - net (Note 10)	143,449	(312,361)
Deficit after other operations	(74,048)	(1,448,371)
Non-shareable items		
Amortization	1,796,228	1,863,426
Accrued vacation pay - increase	199,986	149,118
Accrued severance pay - increase	378,253	132,963
Amortization of deferred capital grants	(1,603,286)	(1,682,047)
	771,181	463,460
Deficiency of revenue over expenditure	$(845,229)	(1,911,831)

See accompanying notes

HEALTH LABRADOR CORPORATION

Operating Fund

Statement of Cash Flow

Year ended March 31, 2003	2003	2002
Cash flows:		
Operations:		
Deficiency of revenue over expenditure	$(845,229)	(1,911,831)
Amortization	1,796,228	1,863,426
Loss on disposal of capital assets	30,288	-
Amortization of deferred capital grants	(1,603,286)	(1,682,047)
Unamortized contributions on assets disposed	(73,884)	-
	(695,883)	(1,730,452)
Changes in:		
Investments	-	466,413
Receivables	1,443,982	(175,040)
Inventories	11,976	(19,975)
Prepaid expenses	(79,073)	17,681
Due from Board Fund	(148,502)	-
Payables and accruals	1,103,842	(1,124,374)
Accrued vacation pay	199,986	149,118
Deferred contributions - operating, NCB and ECD programs	(452,896)	91,038
Accrued severance pay	378,252	132,963
	1,761,684	(2,192,628)
Investing:		
Additions to capital assets	(1,703,685)	(2,962,988)
Proceeds from disposal of capital assets	43,597	-
	(1,660,088)	(2,962,988)
Financing:		
Deferred contributions - capital	(945,280)	(187,135)
- special purpose funds	(332,213)	(908,666)
Repayment of long-term debt	(9,490)	(8,609)
Deferred contributions related to capital assets purchased	1,482,998	2,624,855
	196,015	1,520,445
Net increase (decrease) in cash and cash equivalents	297,611	(3,635,171)
Cash and cash equivalents:		
Beginning	(7,907,069)	(4,271,898)
Ending	$(7,609,458)	(7,907,069)
Represented by:		
Cash	$ 1,356,323	2,134,233
Restricted cash (Note 3)	1,070,465	991,766
Bank indebtedness (Note 5)	(10,036,246)	(11,033,068)
	$(7,609,458)	(7,907,069)

See accompanying notes

HEALTH LABRADOR CORPORATION

Board Fund

Balance Sheet

March 31, 2003

	2003	2002
Asset		
Restricted cash	$ 215,917	267,303
Liability		
Due to Operating Fund	$ 148,502	-
Net assets, per accompanying statement		
Net assets restricted for endowment purposes	215,917	215,917
Net assets internally restricted for Board purposes	(148,502)	51,386
	67,415	267,303
	$ 215,917	267,303

See accompanying notes

Approved:

Director

Director

HEALTH LABRADOR CORPORATION

Board Fund

Statement of Changes in Net Assets

Year ended March 31, 2003

	2003			2002
	Restricted for Endowment Purposes	Restricted for Board Purposes	Total	Total
Balance, beginning	$ 215,917	51,386	267,303	397,774
Deficiency of revenue over expenditure	-	(199,888)	(199,888)	(130,471)
Balance, ending	$ 215,917	(148,502)	67,415	267,303

See accompanying notes

HEALTH LABRADOR CORPORATION

Board Fund

Statement of Operations

Year ended March 31, 2003	2003	2002
Revenue:		
Interest	$ 64,411	135,169
Other	2,575	5,890
	66,986	141,059
Expenditure:		
Interest	261,215	252,037
Retirement and awards	1,162	5,298
Other	4,497	14,195
	266,874	271,530
Deficiency of revenue over expenditure	$(199,888)	(130,471)

See accompanying notes

HEALTH LABRADOR CORPORATION

Board Fund

Statement of Cash Flow

Year ended March 31, 2003	2003	2002
Cash flows:		
Operations:		
Deficiency of revenue over expenditure	$(199,888)	(130,471)
Changes in		
Due to Operating Fund	148,502	-
Net decrease in cash	(51,386)	(130,471)
Cash:		
Beginning	267,303	397,774
Ending	$ 215,917	267,303

See accompanying notes

1. Nature of operations:

The Corporation manages and operates all health facilities, services and programs in Labrador, from Black Tickle north.

The Corporation manages and controls the operation of the following facilities:
Labrador Health Centre, Happy Valley-Goose Bay
Harry L. Paddon Memorial Home, Happy Valley-Goose Bay
Captain William Jackman Memorial Hospital, Labrador City

and all medical clinics, nursing stations, community health centres, facilities, programs and services in the geographic area.

The operations of the Corporation are primarily funded by the Government of Newfoundland and Labrador (the Government).

The Corporation is incorporated under the Hospitals Act of Newfoundland and Labrador.

2. Significant accounting policies:

Fund accounting:

The combined funds are reported in the consolidated financial statements.

Assets, liabilities, revenue and expenditure related to the delivery and administration of health services are reported in the Operating Fund.

Assets, liabilities, revenue and expenditure related to Board activities are reported in the Board Fund.

Endowment contributions are reported in the Endowment Fund under the Board Fund. Investment income earned on resources of the Endowment Fund is reported as revenue in the Board Fund.

Revenue recognition:

The Corporation follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue, when received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to capital assets are deferred and amortized to revenue at the same rates which the related capital assets are amortized.

(Continued . . .)

2. Significant accounting policies (continued):

Inventories:

Inventories consist of medical, surgical, general supplies and pharmaceuticals.

Medical, surgical and general supplies are valued at the lower of cost, determined on an average cost basis, and net realizable value.

Drugs are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

Capital assets:

The Corporation has control over certain land, buildings and equipment, with the title resting with the Government and consequently these assets are not recorded under capital assets.

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are being amortized on a diminishing balance basis over their estimated useful lives at the following rates:

Land improvements	20%
Buildings	5%
Leasehold improvements	5%
Equipment and vehicles	20%
Artwork	0%

In addition, the Henry L. Paddon Memorial Home building is amortized at a rate equal to the annual principal reduction of the mortgage related to this property. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

3. Restricted cash:

Cash is restricted to fund the following items:

	2003			2002
	Operating Fund	Board Fund	Total	Total
Deferred contributions - special purpose funds	$ 659,553	-	659,553	991,766
Shushepishipan Group Home	410,912	-	410,912	-
Endowment	-	215,917	215,917	215,917
Board	-	-	-	51,386
	$ 1,070,465	215,917	1,286,382	1,259,069

4. Capital assets:

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 11,201	-	11,201	10,000
Land improvements	162,208	127,987	34,221	42,777
Buildings	11,038,554	5,218,527	5,820,027	5,707,788
Leasehold improvements	223,677	29,560	194,117	194,568
Equipment and vehicles	18,405,774	12,290,461	6,115,313	6,399,194
Artwork	195,714	-	195,714	182,694
	$ 30,037,128	17,666,535	12,370,593	12,537,021

5. Bank indebtedness:

	2003	2002
Due to bank on current accounts	$ 611,246	608,068
Bank demand loan	9,425,000	10,425,000
	$ 10,036,246	11,033,068

The Corporation has access to a $14 million line of credit in the form of a revolving demand loan bearing interest at Royal Bank Prime. This loan has been approved by the Minister of Health and Community Services. In addition, this line of credit carries a Province of Newfoundland and Labrador guarantee for amounts between $5 million and $14 million, with the first $5 million being unsecured.

6. Long-term debt:

	2003	2002
10%, Canada Mortgage and Housing Corporation mortgage on land and building of Harry L. Paddon Memorial Home; repayable $11,245 monthly, interest included; maturing November, 2029	$ 1,276,028	1,285,518
Less current portion	10,463	9,490
	$ 1,265,565	1,276,028

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2004	$10,463
2005	11,383
2006	12,550
2007	13,836
2008	15,254

(Continued . . .)

6. Long-term debt (continued):

Interest subsidy:

The Corporation has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 27 of the National Housing Act. The purpose of the assistance is to reduce mortgage interest expense to 8% in order to enable the project to provide housing to low income individuals. The amount of assistance received in 2003 was $25,205 (2002 - $25,205).

7. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent contributions with which capital assets were originally purchased. The changes in the deferred contribution balance for the year are as follows:

	2003	2002
Balance, beginning	$ 9,986,425	9,067,383
Add (deduct):		
Capital equipment grants	937,269	1,493,036
Donations for capital	532,709	1,108,053
Unamortized contributions on assets disposed	(73,884)	-
	11,382,519	11,668,472
Less amortization	1,603,286	1,682,047
Balance, ending	$ 9,779,233	9,986,425

8. Investment in capital assets:

	2003	2002
Repayment of CMHC mortgage principal	$ 9,490	8,609
Purchase of capital assets with unrestricted resources	220,687	338,133
	$ 230,177	346,742

9. Other revenue:

	2003	2002
Drug recoveries	$ 1,282,735	1,237,069
Dental	158,803	263,975
Rentals	208,939	215,892
Child Youth Network	-	61,797
Mortgage interest subsidy (Note 6)	25,205	25,205
Unamortized contributions on assets disposed	73,884	-
Miscellaneous	451,045	375,611
	2,200,611	2,179,549
Board	66,986	141,059
	$ 2,267,597	2,320,608

10. Air ambulance services - net:

	2003	2002
Revenue:		
Government operating grants	$ 2,085,485	2,085,485
Other	318,207	265,853
	2,403,692	2,351,338
Expenditure:		
Salaries and benefits	425,108	410,527
Patient transportation - contract	1,571,423	1,675,156
- other	220,762	521,816
Other	42,950	56,200
	2,260,243	2,663,699
	$ 143,449	(312,361)

11. Lease commitments:

The Corporation, in the course of its operations, has entered into agreements for the rental of various health care delivery facilities, living accommodations, and for the lease of certain medical and office equipment. Most arrangements are provided on a year to year basis. Estimated annual lease obligations required in each of the next five fiscal years, for those arrangements extending beyond one year, are as follows:

2004	$ 514,044
2005	504,227
2006	478,244
2007	478,244
2008	478,244

12. Contingencies:

As of March 31, 2003, there were a number of legal claims against the Board in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson and Members
Heritage Foundation of
Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Heritage Foundation of Newfoundland and Labrador as at 31 March 2003 and the statement of revenue, expenditure and fund balance for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 March 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
29 May 2003

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

BALANCE SHEET

31 MARCH 2003

	2003	2002
ASSETS		
Current		
Cash	$ 25,937	$ 11,478
Investments, at cost (Note 2)	549,011	810,513
Accounts receivable (Note 3)	42,243	4,839
Investment income receivable	-	11,660
Prepaid expenses	978	746
	618,169	839,236
Capital assets		
Office furniture and equipment	32,466	31,593
Less: expensed in year of acquisition	32,466	31,593
	-	-
	$618,169	$839,236
LIABILITIES AND FUND BALANCE		
Current		
Accounts payable and accrued liabilities	$ 7,577	$ 12,910
Deferred revenue (Note 4)	103,363	319,097
	110,940	332,007
Fund balance (Note 5)	507,229	507,229
	$618,169	$839,236

See accompanying notes

Signed on behalf of the Foundation: ______________ Chairperson ______________ Member

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

STATEMENT OF REVENUE, EXPENDITURE AND FUND BALANCE

FOR THE YEAR ENDED 31 MARCH 2003

	Actual 2003	Budget 2003	Actual 2002
REVENUE			
Province of Newfoundland and Labrador (Note 4)	$247,591	$309,096	$210,542
Canada-Newfoundland Comprehensive Economic Development Agreement (Note 3)	36,743	-	-
Investment income	22,104	25,904	43,123
Historic Places Initiative (Note 10)	2,643	-	-
Miscellaneous	2,273	-	3,415
	311,354	335,000	257,080
EXPENDITURE			
Board travel and meetings	9,413	18,000	6,115
Easement registration	379	500	526
Fisheries heritage grants	36,756	-	-
Heritage grants	70,702	100,000	74,838
Inventory of historical structures	61	25,000	1,938
Miscellaneous	5,215	3,000	4,708
Office furniture and equipment	873	3,500	1,602
Office supplies	4,421	6,000	7,017
Plaquing	7,881	3,800	8,667
Professional fees	7,308	5,000	2,010
Public relations	1,910	4,000	1,313
Salaries and benefits	145,824	151,000	132,636
Special projects	8,064	5,000	3,673
Telephone	3,265	1,700	1,361
Travel	9,282	8,500	10,676
	311,354	335,000	257,080
Excess of revenue over expenditure	-	-	-
Fund balance, beginning of year	507,229	507,229	507,229
Fund balance, end of year	$507,229	$507,229	$507,229

See accompanying notes

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

The Heritage Foundation of Newfoundland and Labrador (the Foundation) operates under the authority of the *Historic Resources Act*. Its affairs are managed by members of the Foundation appointed by the Lieutenant-Governor in Council.

The objectives of the Foundation are:

(a) to stimulate an understanding of and appreciation for the architectural heritage of the Province;

(b) to support and contribute to the preservation, maintenance and restoration of buildings and other structures of architectural or historical significance in the Province; and

(c) to contribute to the increase and diffusion of knowledge about the architectural heritage of the Province.

1. Significant accounting policies

These financial statements have been prepared by the Foundation in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

Capital assets are considered minor and are charged to expenditure in the year of acquisition.

(b) Investment income

Investment income is recorded on a straight line basis over the term of the investments.

2. Investments

	2003 Cost	2003 Market Value	2002 Cost
Bank of Nova Scotia Note	$ -	$ -	$500,000
Scotia Money Market Fund	549,011	549,066	310,513
	$549,011	$549,066	$810,513

3. Accounts receivable

On 18 April 2002, the Foundation entered into a contract with the Atlantic Canada Opportunities Agency and the Province of Newfoundland and Labrador to receive funding of $85,342 under the Canada-Newfoundland Comprehensive Economic Development Agreement. The purpose of the funding is to undertake a *Fisheries Heritage Preservation Initiative* focussing on the preservation and conservation of structures and buildings relating to the fisheries heritage of the Province. Payments under the contract are made to the Foundation based upon the submission of claims for eligible expenditures which have been incurred. Included in Accounts Receivable is an amount of $36,743 due under this contract as at 31 March 2003.

4. Deferred revenue

Deferred revenue is comprised of operating grants received from the Province of Newfoundland and Labrador to help defray future operating expenditures. It is also comprised of funding received under the Historic Places Initiative agreement between the Province and the Government of Canada that was received prior to the year end but not yet disbursed for its intended purpose. The revenue will be recognized in future operating periods as expenditures are incurred.

	2003	2002
Balance, beginning of year	**$ 319,097**	$ 529,639
Contribution - Historic Places Initiative	**21,857**	-
Contribution - Province of Newfoundland and Labrador	**10,000**	-
Less: operating grant recognized in income during year	**(247,591)**	(210,542)
Balance, end of year	**$ 103,363**	$ 319,097

5. Fund balance

Section 25 of the *Historic Resources Act* requires the Foundation to maintain a Fund of monies voted to it by the Legislature and of other monies received by way of gift, bequest, donation or otherwise. Disbursements from the Fund may be made by the Foundation for the purposes set out in the Legislation.

As at 31 March 2003, $346,703 (2002 - $259,405) of this Fund has been committed in the form of grants approved but not yet disbursed or rescinded. The allocation between committed and uncommitted funds is:

	2003	2002
Committed funds	**$346,703**	$259,405
Uncommitted funds	**160,526**	247,824
	$507,229	$507,229

In 1994-95, the Foundation adopted a policy with respect to grant commitments. All grants approved will be available for a period of two years from the date of grant approval. Clients not utilizing the grants within this timeframe will forfeit their right to these grants.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

6. Operating lease obligation

Office equipment has been leased by the Foundation. Minimum lease payments for the next four years are as follows:

2004	$2,014
2005	2,014
2006	1,217
2007	420

7. Related party transactions

The Foundation leases office space from the Province of Newfoundland and Labrador at an annual rate of $1.

8. Financial instruments

The Foundation's financial instruments recognized in the Balance Sheet consist of investments, accounts receivable, investment income receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair market value due to the normal trade credit terms and conditions of these instruments.

9. Economic dependence

As a result of its reliance on future transfers from the Government of Newfoundland and Labrador to fund its operations, the Foundation's ability to continue such operations is dependent upon the decisions of Government.

10. Subsequent event

On 4 April 2003, the Province entered into a Contribution Agreement with the Government of Canada to fund the Historic Places Initiative. The objectives of the Contribution Agreement are to develop an online Provincial Registry of Historic Places and to develop and implement programs related to promoting and integrating the Historic Places Initiative at the Provincial level in Newfoundland and Labrador.

The Province has appointed the Foundation to administer this Initiative on its behalf. Under this Agreement, the Government of Canada is to provide the following funds to the Province: $24,500 in 2002-03 and up to $527,000 in 2003-04, which is conditional upon the acceptance by the Government of Canada of a work plan for 2003-04. The Foundation has approved the work plan for 2003-04 and has provided the work plan to the Province for submission to the Government of Canada.

10. Subsequent event (cont.)

During the year, the Foundation received $24,500 from the Province in relation to the Agreement. As $21,857 of the amount received had not yet been disbursed for the intended purpose, it has been included in deferred revenue. The Province has informed the Foundation that it is to receive up to $395,000 of the up to $527,000 that the Province expects to receive from the Government of Canada during 2003-04.

11. Income taxes

The Foundation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

HOTEL BUILDINGS LIMITED

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson and Members
Hotel Buildings Limited
St. John's, Newfoundland and Labrador

I have audited the balance sheet of Hotel Buildings Limited as at 31 March 2003 and the statement of income and retained earnings for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
5 May 2003

HOTEL BUILDINGS LIMITED

BALANCE SHEET

31 MARCH 2003

	2003	2002
ASSETS		
Current		
Cash	$109,864	$ 50,325
Accounts receivable	231	64
	110,095	50,389
Capital assets (Note 2)	-	22,034
	$110,095	$ 72,423
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 800	$ 7,550
Due to Province of Newfoundland and Labrador (Note 3)	-	26,044,202
	800	26,051,752
Shareholders' equity		
Share capital		
Authorized 100 common shares of no par value		
Issued and fully paid 3 common shares	3,000	3,000
Retained earnings (deficit)	106,295	(25,982,329)
	109,295	(25,979,329)
	$110,095	$ 72,423

Contingent liability (Note 4)

See accompanying notes

Signed on behalf of the Board: ______________________ Chairperson ______________________ Director

HOTEL BUILDINGS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
INCOME		
Interest income	$ 1,611	$ 1,455
Property tax recovery	2,198	-
	3,809	1,455
OPERATING EXPENSES		
Property tax	974	1,200
Professional services	11,725	795
	12,699	1,995
Loss for the year	(8,890)	(540)
Gain on sale of land	53,312	-
Forgiveness of debt (Note 3)	26,044,202	-
Net income (loss)	26,088,624	(540)
Deficit, beginning of year	(25,982,329)	(25,981,789)
Retained earnings (deficit), end of year	$ 106,295	$(25,982,329)

See accompanying notes

HOTEL BUILDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

Hotel Buildings Limited (the Corporation) was incorporated on 18 March 1966 under the *Corporations Act* of the Province of Newfoundland and Labrador for the purpose of financing the construction of various hotels throughout the Province. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland and Labrador. It is expected that the Corporation will be wound up pursuant to the requirements of the *Corporations Act* once ongoing legal matters are resolved (Note 4).

1. Significant accounting policy

These financial statements have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles. Outlined below is the significant accounting policy followed.

Capital assets

All capital assets are capitalized at cost at the time of acquisition.

2. Capital assets

	2003	2002
Clarenville		
Land	$ -	$22,034

On 18 December 1995, the Corporation disposed of the hotel properties located at St. John's, Clarenville, Gander and Corner Brook, and on 22 March 1996 disposed of the Hotel Port aux Basques. The Corporation's activities have been minimal since that time.

On 12 November 2002, the Corporation disposed of the last parcel of vacant land located in Clarenville.

3. Due to Province of Newfoundland and Labrador

Monies have been advanced to the Corporation in the past in relation to servicing debenture debt used to finance the construction of various hotels throughout the Province and to cover capital improvements and operating requirements. The balance as at 31 March 2002 of $26,044,202 consisted primarily of these advances plus accumulated interest. On 30 January 2003, the Province approved the write-off of the full amount due.

4. Contingent liability

On 20 September 1996, the Corporation was notified that a claim had been filed by several former employees of the Hotel Port aux Basques. The claim is against Atlific (Nfld.) Limited, First Defendant, Hotel Buildings Limited, Second Defendant, and Hotel Port aux Basques Limited, Third Defendant. The Plaintiffs claim that they were unjustly dismissed by Atlific on 21 March 1996 and by Hotel Port aux Basques on 15 April 1996. There is no specific claim of unjust dismissal against Hotel Buildings Limited.

4. Contingent liability (cont.)

except that the Plaintiffs allege that the Corporation "was obligated to ensure that the Plaintiffs herein were given reasonable notice of the termination of their employment by [Atlific]".

While there exists a good defence to the above claim, and it has progressed to the discovery stage, there is insufficient information to enable the formation of a definite opinion as to the outcome; thus, the likelihood and the amount of any loss to the Corporation is not determinable at this time.

5. Related party transactions

The Corporation is administered by employees of the Department of Finance, with support, where necessary, from other Provincial Government departments. Certain costs of administration were incurred and paid directly by the departments and are not reflected in these financial statements.

6. Financial instruments

The Corporation's financial instruments recognized in the Balance Sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments.

7. Income taxes

The entity is a Crown corporation of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

LABRADOR SCHOOL BOARD

AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2002

WALTER P. MILLER & COMPANY

Chartered Accountants

WPM WALTER P. MILLER
& CO. CHARTERED ACCOUNTANTS

P.O. Box 8505
108 LeMarchant Road
St. John's, Newfoundland
A1B 3N9
Telephone: 709-579-2161
Facsimile: 709-738-2391
www.walterpmiller.com

Partners
Stephen Belanger, B.Comm., F.C.A.
Boyde Clarke, B.Comm., C.A.
Peter Miller, B.Comm., C.A.

Principal
Raymond White, C.G.A.

AUDITORS' REPORT

To the Members of the **Labrador School Board**

We have audited the balance sheet of the current and capital funds of the **Labrador School Board** as at June 30, 2002, and the statements of current revenues, expenditures and Board equity (deficit), and changes in capital fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2002, and the results of its operations and changes in its capital financial position for the year then ended in accordance with Canadian generally accepted accounting principles as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

Walter P Miller & Company
CHARTERED ACCOUNTANTS

St. John's, Newfoundland and Labrador
August 2, 2002

LABRADOR SCHOOL BOARD
BALANCE SHEET
AS AT JUNE 30, 2002

ASSETS

	2002 $	2001 $
Current		
Accounts receivable (Note 2)	4,941,535	5,221,186
Prepaid expenses (Supp. Info.)	38,970	102,624
Total Current Assets	4,980,505	5,323,810
Property and equipment (Schedule 7)	42,376,652	41,819,413
Total Assets	47,357,157	47,143,223

LIABILITIES AND BOARD EQUITY

	2002 $	2001 $
Current liabilities		
Bank indebtedness (Note 3)	1,028,031	1,170,220
Accounts, payable and accrued (Notes 4 and 6)	3,637,761	3,689,754
Current maturities (Schedule 8)	216,068	183,258
Total Current Liabilities	4,881,860	5,043,232
Accrued severance pay	5,491,003	5,542,869
Long-term debt (Schedule 8 and Note 7)	2,023,385	1,624,511
Contingent liability (Note 6)		
Investment in capital assets (Note 5)	41,491,356	41,424,806
Restricted fund - Labrador West School Committee (Note 10)	106,595	71,375
Board deficit	(6,637,042)	(6,563,570)
	34,960,909	34,932,611
	47,357,157	47,143,223

Approved:

Chairman

Treasurer

See accompanying notes to financial statements.

LABRADOR SCHOOL BOARD
STATEMENT OF CURRENT REVENUES, EXPENDITURES AND BOARD EQUITY (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2002

	2002 $	2001 $
Income		
Provincial Government Grants (Schedule 1)	31,933,615	32,768,504
Ancillary Services (Schedule 1)	185,727	191,768
Miscellaneous (Schedule 1)	3,443,417	3,291,044
	35,562,759	36,251,316
Current Expenditures		
Administration (Schedule 2)	1,460,713	1,437,170
Instruction (Schedule 3)	28,552,741	29,763,381
Operations and maintenance (Schedule 4)	3,844,287	3,772,380
Pupil transportation (Schedule 5)	1,566,862	1,774,663
Ancillary services (Schedule 6)	263,151	219,559
Debt charges (Schedule 8B)	19,946	35,219
	35,707,700	37,002,372
Excess of expenditure over revenue before transfer to capital and severance pay accrual adjustments	(144,941)	(751,056)
Transfer to capital	(66,550)	(67,470)
Excess of expenditure over revenue before severance pay accrual adjustments	(211,491)	(818,526)
Severance pay accrual adjustments		
Non-teaching	(96,670)	(47,838)
Teaching	156,041	(122,022)
Excess of expenditure over revenue for year	(152,120)	(988,386)
Board deficit, beginning		
As previously recorded	6,563,570	5,964,885
Deficit adjustments (Note 9)	(78,648)	(389,701)
As restated	6,484,922	5,575,184
Board deficit, ending	6,637,042	6,563,570

See accompanying notes to financial statements.

LABRADOR SCHOOL BOARD
STATEMENT OF CHANGES IN CAPITAL FUND
FOR THE YEAR ENDED JUNE 30, 2002

	2002 $	2001 $
Capital Receipts		
Bank loan	633,647	111,522
Grants		
School construction and equipment	-	460,283
Capital expenditure from revenue	7,239	-
Miscellaneous	51,766	-
Proceeds on sale of capital assets	-	-
Transfer from current fund	66,550	67,470
Total Capital Receipts	759,202	639,275
Capital Disbursements		
Additions to Property, Equipment and Buildings (Schedule 7)	557,239	460,283
Principal repayment of loans (Schedule 8A)	201,963	178,992
Total Capital Disbursements	759,202	639,275

See accompanying notes to financial statements.

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

1. Significant Accounting Policies

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self-balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds. A summary of significant accounting policies adopted by the Board. relating to their use of fund accounting, is as follows:

(A) Grants received by the Board are recorded in either the current or capital funds, depending on their source.

(B) Capital asset additions are recorded as full cost on the balance sheet. Capital asset disposals are recorded at original cost as a reduction in the capital asset and investments in capital assets accounts. Proceeds from disposals are treated as capital receipts.

(C) The Board does not calculate or record amortization on any of its capital assets.

(D) All capital expenditures financed out of current revenue funds are recorded as expenditures in the current account.

(E) Principal repayments of bank loans are recorded as Capital Expenditures.

2. Accounts Receivable

	2002 $	2001 $
Current		
Federal Government	146,886	164,377
Provincial Government	4,692,237	4,796,297
Travel advances and miscellaneous	102,412	260,512
	4,941,535	5,221,186

3. Bank Indebtedness

Bank overdraft is comprised of a current account balance (overdraft) of $(328,031) (2001 - $(510,220) and an operating line of $700,000 (2001 - $660,000) which bears interest at a rate of prime minus 0.5% and is secured by a guarantee of the Department of Education.

4. Accounts Payable and Accrued Liabilities

	2002 $	2001 $
Current (Note 6)		
Trade payables	217,962	331,371
Accrued liabilities	3,002,201	3,024,578
Deferred revenue	284,700	230,169
Other	132,898	103,636
	3,637,761	3,689,754

5. Investment in Capital Assets

	2002 $	2001 $
Investment in capital assets, beginning of year	41,424,806	41,221,011
Add: Grants - Contribution for capital construction	-	136,325
Transfer from current fund	66,550	67,470
	66,550	203,795
Less: Cost of assets disposed	-	-
Investment in capital assets, end of year	41,491,356	41,424,806

6. Contingent Liability

The Lavers Inquiry is currently investigating allegations of abuse at schools formerly run by the churches in certain parts of Labrador. The possibility or magnitude of any resulting liability arising to the Board is not known.

There presently exists an undetermined contingent liability which has arisen concerning a dispute between the Roman Catholic Diocese of Labrador City/Schefferville and the Labrador School Board over ownership of rental monies derived from Notre Dame Academy.

7. Long-term Debt

Principal payments required to meet debt retirement provisions during the next five years are as follows:

	$
2003	216,068
2004	215,535
2005	215,535
2006	215,535
2007	215,535

8. Other Matters

Effective January 1, 1997, the Labrador School Board was formed through the amalgamation of the Labrador West Integrated School Board, the Labrador East Integrated School Board and the Roman Catholic School Board for Labrador.

The amalgamation was accounted for using the pooling of interests method, whereby the assets and liabilities of each School Board were combined to become the assets of the new Labrador School Board. The amalgamated balance sheet at January 1, 1997 was comprised as follows:

.../Continued

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

8. **Other Matters (Continued)**

	Roman Catholic School Board for Labrador	Labrador West Integrated School Board	Labrador East Integrated School Board	Labrador School Board
	$	$	$	$
ASSETS				
Current				
Cash	252,709	-	-	65,308
Accounts receivable	686,889	415,107	151,123	1,253,119
Prepaid expenses	-	-	144,550	144,550
	939,598	415,107	295,673	1,462,977
Capital assets	12,056,165	9,598,988	18,320,689	39,975,842
	12,995,763	10,014,095	18,616,362	41,438,819
LIABILITIES				
Current				
Bank indebtedness	-	80,912	106,489	-
Accounts payable	688,510	329,901	289,858	1,308,269
Current portion of long-term debt	21,440	8,334	19,000	48,774
	709,950	419,147	415,347	1,357,043
Accrued severance pay	254,874	278,568	125,547	658,989
Long-term debt	99,176	6,250	379,699	485,125
	1,064,000	703,965	920,593	2,501,157
EQUITY				
Deficit	(3,786)	(274,274)	(226,221)	(504,281)
Investment in capital assets	11,935,549	9,584,404	17,921,990	39,441,943
	11,931,763	9,310,130	17,695,769	38,937,662
	12,995,763	10,014,095	18,616,362	41,438,819

9. Deficit Adjustments

	2002 $	2001 $
Adjustment to prior year's Special Needs grant	-	11,818
Pay equity grant	-	(2,392)
School utilities grant	-	(206,900)
Grant received to offset legal fees re: Lavers Inquiry	-	(15,176)
School bussing operating grant adjustment	-	(171,282)
Miscellaneous adjustment	1,215	(5,769)
Grant received to offset 2000-2001 transportation deficit	(79,863)	-
Decrease in deficit	(78,648)	(389,701)

10. Restricted Surplus

Restricted surplus represents unexpended funding received during the year for the benefit of the Labrador West School Committee. The available funds must be expended in Labrador West.

SCHEDULE 1

LABRADOR SCHOOL BOARD
CURRENT REVENUES
FOR THE YEAR ENDED JUNE 30, 2002

	2002 $	2001 $
Current Revenues		
Provincial Government Grants		
Operating	5,357,319	5,176,417
Salaries and benefits		
Director of Education and two assistant directors	305,580	265,606
Teaching staff	24,728,533	25,681,394
Pupil transportation	1,542,183	1,645,087
	31,933,615	32,768,504
Ancillary Services		
Revenues from rental of properties	185,727	191,768
Miscellaneous		
Interest on investments	3,620	6,367
Mining company grant	1,430,000	1,430,000
Operating revenues from Native Peoples Grant	1,938,761	1,754,619
Sundry revenue	46,281	80,558
Francophone Programs	24,755	19,500
	3,443,417	3,291,044
Total Current Revenues	35,562,759	36,251,316

LABRADOR SCHOOL BOARD
ADMINISTRATION EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002

	2002 $	2001 $
Salaries and Benefits		
Director of Education and two assistant directors	360,494	307,083
Board office personnel	650,609	635,392
Office supplies	23,781	31,033
Replacement furniture and equipment	9,725	9,807
Postage	16,405	13,811
Telephone	53,255	60,576
Office equipment rentals and repairs	41,387	30,927
Electricity	6,281	6,379
Insurance	2,087	3,286
Travel	76,137	157,670
Board meeting expenses	54,138	60,942
Professional fees	59,491	23,161
Advertising	65,867	63,362
Membership dues	26,779	27,043
Municipal service fees	525	1,050
Miscellaneous	8,577	4,012
Payroll tax	11,533	8,663
Repairs and maintenance	1,709	281
Less: Severance pay adjustment - Board office personnel	(8,067)	(7,308)
Total Administration Expenditures	1,460,713	1,437,170

See accompanying notes to financial statements.

SCHEDULE 3

LABRADOR SCHOOL BOARD
INSTRUCTION EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002

		2002	2001
		$	$
Instructional salaries (gross)			
Teachers' salaries	- Regular	21,465,401	20,866,359
	- Substitute	622,097	589,642
	- Board paid	41,149	26,167
	- Benefits	2,138,412	3,832,307
Student assistants	- Regular	565,675	477,331
	- Benefits	-	41,391
Augmentation payments		562,073	605,032
Northern travel		-	246,798
School secretaries - Salaries and benefits		591,045	555,646
Librarians - Salaries and benefits		-	116,933
Payroll tax		22,931	1,060
Other instructional salaries and benefits		847,204	813,302
Add (Less): Severance pay adjustment - Teachers		156,041	(122,022)
Less: Severance pay adjustment - School secretaries		(12,949)	(1,589)
Less: Severance pay adjustment - Other instructional staff		(20,449)	(10,350)
		26,978,630	28,038,007
Instructional materials			
General supplies		235,929	262,015
Library resource materials		12,898	9,070
Teaching aids		76,498	79,131
Labrador West funds		224,308	176,308
Grenfell Library Program		74	495,518
Other		465,870	-
		1,015,577	1,022,042
Instructional furniture and equipment			
Replacement		37,204	32,704
Rentals and repairs		151,941	133,651
		189,145	166,355
Instructional staff travel			
Program co-ordinators		104,775	148,549
Teachers' travel		59,832	87,038
Students' travel		39,025	37,414
Inservice and conferences		138,435	231,838
		342,067	504,839
Other instructional			
Postage		5,516	8,064
Secondary V subsidy		21,806	24,074
		27,322	32,138
Total Instruction Expenditures		28,552,741	29,763,381

See accompanying notes to financial statements.

SCHEDULE 4

LABRADOR SCHOOL BOARD
OPERATIONS AND MAINTENANCE EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002

	2002 $	2001 $
Salaries and benefits		
Janitorial	1,116,824	1,077,039
Maintenance	400,383	396,634
Computer technologists	241,629	235,727
Payroll tax	21,551	24,631
Electricity	403,074	325,037
Fuel	414,696	489,573
Municipal service fees	33,445	31,516
Telephone	123,613	117,231
Telephone - Distance Education	12,424	-
Vehicle operating and travel	52,817	34,126
Janitorial supplies	118,332	81,868
Repairs and maintenance		
Buildings	437,929	455,648
Equipment	6,942	19,624
Contracted services		
Janitorial	174,469	197,852
Snow clearing	93,334	88,916
Furnace maintenance	211,116	216,928
Less: Severance pay adjustment - Janitorial staff	(14,306)	(13,713)
Less: Severance pay adjustment - Maintenance staff	(3,985)	(6,257)
Total Operation and Maintenance Expenditures	3,844,287	3,772,380

SCHEDULE 5

LABRADOR SCHOOL BOARD
PUPIL TRANSPORTATION EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002

	2002 $	2001 $
Contracted Services		
Regular transportation	-	1,484
Handicapped	56,168	65,806
Salaries and benefits	1,102,416	1,141,291
Debt charges - interest	59,272	82,729
Gas and oil	148,734	211,536
Repairs and maintenance	162,911	183,458
Office operation	72,759	92,784
Miscellaneous	1,516	4,196
Less: Severance pay adjustment - Transportation staff	(36,914)	(8,621)
	1,566,862	1,774,663

SCHEDULE 6

LABRADOR SCHOOL BOARD
ANCILLARY SERVICES
FOR THE YEAR ENDED JUNE 30, 2002

	2002 $	2001 $
Cost of Ancillary Services		
Operation of teachers' residences	263,151	219,559

SCHEDULE 7

LABRADOR SCHOOL BOARD
DETAILS OF PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 2002

	Balance 2001	Additions	Disposals	Balance 2002
	$	$	$	$
Land and sites	173,221	-	-	173,221
Buildings				
School buildings	35,181,620	-	-	35,181,620
Administration buildings	212,807	-	-	212,807
Residential buildings	1,753,609	557,239	-	2,310,848
Other - maintenance	263,899	-	-	263,899
	37,411,935	557,239	-	37,969,174
Furniture and equipment	2,852,466	-	-	2,852,466
Vehicles				
Buses	1,292,406	-	-	1,292,406
Service vehicles	89,385	-	-	89,385
	1,381,791	-	-	1,381,791
Total Property and Equipment	41,819,413	557,239	-	42,376,652

SCHEDULE 8

LABRADOR SCHOOL BOARD
DETAILS OF LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 2002

	2002 $	2001 $
Bank of Nova Scotia		
The loan, with an original principal balance of $393,729, is repayable in monthly installments of $2,988 plus interest at a rate of prime less .5%.	214,429	250,289
The loan, with an original principal balance of $473,315, is repayable in monthly installments of $3,287 plus interest at a rate of prime less .5%.	345,126	384,568
The loan, with an original principal balance of $47,000, is repayable in monthly installments of $196 plus interest at a rate of prime less .5%.	40,326	42,888
The loan, with an original principal balance of $6,400, is repayable in monthly installments of $178 plus interest at a rate of prime less .5%.	372	2,667
The loan, with an original principal balance of $442,725, is repayable in monthly installments of $3,137 plus interest at a rate of prime less .5%.	342,339	379,983
The loan, with an original principal balance of $127,540, is repayable in monthly installments of $625 plus interest at a rate of prime less .5%.	88,790	96,290
The loan, with an original principal balance of $372,760, is repayable in monthly installments of $2,689 plus interest at a rate of prime less .5%.	308,233	340,497
The loan, with an original principal balance of $312,759, is repayable in monthly installments of $2,172 plus interest at a rate of prime less .5%.	284,524	310,587
The loan, with an original principal balance of $550,000, is repayable in monthly installments of $2,292 plus interest at a rate of prime less .5%.	531,667	-
The loan, with an original principal balance of $83,647, is repayable in monthly installments of $581 plus interest at a rate of prime less .5%.	83,647	-
The above loans are secured by a guarantee of the Department of Education.		
Long-term debt	2,239,453	1,807,769
Less: Current portion	216,068	183,258
Total long-term debt, net of current portion	2,023,385	1,624,511

SCHEDULE 8A

LABRADOR SCHOOL BOARD
SCHEDULE OF LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 2002

	Reference Number	Rate	Balance, Beginning of Year $	Loans Obtained During Year $	Principal Repayment for Year $	Balance, End of Year $
Building Construction	1	Prime - 0.5%	250,289	-	35,860	214,429
Bus Acquisition	2	Prime - 0.5%	384,568	-	39,442	345,126
Bus Acquisition	3	Prime - 0.5%	340,497	-	32,264	308,233
Building Construction	4	Prime - 0.5%	42,888	-	2,562	40,326
Building Construction	5	Prime - 0.5%	2,667	-	2,295	372
Bus Acquisition	6	Prime - 0.5%	379,983	-	37,644	342,339
Building Construction	7	Prime - 0.5%	96,290	-	7,500	88,790
Bus Acquisition	8	Prime - 0.5%	310,587	-	26,063	284,524
Building Construction	9	Prime - 0.5%	-	550,000	18,333	531,667
Bus Acquisition	10	Prime - 0.5%	-	83,647	-	83,647
			1,807,769	633,647	201,963	2,239,453

See accompanying notes to financial statements.

SCHEDULE 8B

LABRADOR SCHOOL BOARD
SCHEDULE OF DEBT CHARGES
FOR THE YEAR ENDED JUNE 30, 2002

	2002 $	2001 $
Building construction	678	3,039
Other	19,268	32,180
	19,946	35,219

LABRADOR SCHOOL BOARD
SUPPLEMENTARY INFORMATION
JUNE 30, 2002

	2002 $	2001 $
Prepaid expenses		
Current		
Municipal service fees	8,774	8,547
Textbooks and school supplies	34	1,672
Janitorial supplies	6,283	25,449
Insurance	2,170	3,744
Travel	9,145	6,473
Miscellaneous	12,564	56,739
	38,970	102,624

LABRADOR TRANSPORTATION INITIATIVE FUND

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson and Members
Labrador Transportation Initiative Fund
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Labrador Transportation Initiative Fund as at 31 March 2003 and the statement of revenue, expenditure and fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
13 June 2003

BALANCE SHEET

As at 31 March

	2003 $	2002 $
ASSETS		
Current		
Cash	397,128	67,923
Investments, at cost (Note 2)	106,992,273	140,911,492
Accrued investment income receivable	52,911	1,599,219
TOTAL ASSETS	107,442,312	142,578,634
EQUITY		
Fund balance	107,442,312	142,578,634
TOTAL EQUITY	107,442,312	142,578,634

See accompanying notes

Signed on behalf of the Board

Chairperson

Member

STATEMENT OF REVENUE, EXPENDITURE AND FUND BALANCE

For the year ended 31 March

	2003 $	2002 $
REVENUE		
Investment income	4,003,718	8,126,905
EXPENDITURE		
Bank charges	10,933	16,852
Funded initiatives (Note 3)	39,129,107	60,791,426
	39,140,040	60,808,278
Excess of expenditure over revenue	(35,136,322)	(52,681,373)
Fund balance, beginning of year	142,578,634	195,260,007
Fund balance, end of year	107,442,312	142,578,634

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

31 March 2003

Authority

The Labrador Transportation Initiative Fund (the Fund) operates under the authority of the *Labrador Transportation Initiative Fund Act* enacted 19 December 1997. Its affairs are managed by a board of management (the Board) comprised of the Secretary of the Treasury Board, the Deputy Minister of Finance and not more than three other persons appointed by the Lieutenant-Governor in Council.

The objective of the Board is to authorize payments from the Fund to the Consolidated Revenue Fund of the Province of Newfoundland and Labrador for the construction of the Trans Labrador Highway, maintenance of marine and ferry services to Labrador and other Labrador initiatives related to transportation which the Lieutenant-Governor in Council may approve.

1. Significant accounting policies

These financial statements have been prepared by the Board in accordance with generally accepted accounting principles based on the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

2. Investments

Investments are valued at cost which approximates market value. These investments have maturity dates ranging from 11 April 2003 to 30 April 2003 at interest rates which vary from 3.04% to 3.14%.

3. Funded initiatives

The Board approved the following initiatives for the year ended 31 March 2003:

		2003			2002
	Approved Amount 2003 $	Actual Claim 2003 $	Adjustments Relating to 2002 $	Funded Initiatives $	Funded Initiatives $
Trans Labrador Highway	16,850,000	15,857,232	220,985	16,078,217	36,628,026
Environmental Impact Study	950,000	852,410	69,551	921,961	105,522
Pinsent's Arm Access Road	3,000,000	1,256,973	-	1,256,973	-
Coastal Labrador Ferry Service	19,012,000	18,014,283	217,125	18,231,408	15,930,748
Provincial Roads	2,600,000	1,834,405	9,367	1,843,772	5,821,585
Ferry Terminals	2,591,500	794,886	1,890	796,776	2,305,545
	45,003,500	38,610,189	518,918	39,129,107	60,791,426

On 7 May 2003, the Board ratified an increase of $150,000 (from $800,000 to $950,000) in the approved amount for 2002-03 with respect to the Environmental Impact Study, as well as a corresponding decrease (from $17,000,000 to $16,850,000) with respect to the Trans Labrador Highway.

The Fund paid the claimed amount noted above to the Department of Works, Services and Transportation representing approved costs incurred. The adjustments relating to March 2002 were paid as submitted by the Department.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2003

4. Related party transactions

The Fund is administered by employees of Executive Council and the Department of Finance. The costs of administration are paid directly by the departments and are not reflected in these financial statements. Included in investment income is $226,637 in interest earned on Newfoundland and Labrador Hydro Notes and Province of Newfoundland and Labrador Treasury Bills.

5. Financial instruments

The market value of all of the Corporation's financial assets were approximately equal to their carrying value at 31 March 2003 and 2002 due to the short-term nature of these instruments.

6. Income taxes

The Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

Our Children Our Future

LEWISPORTE/GANDER SCHOOL DISTRICT

Financial Statements/
Auditors' Report
30-Jun-02

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Members of the **Lewisporte/Gander School District**

We have audited the balance sheet of the current and capital funds of the **Lewisporte/Gander School District** as at June 30, 2002, and the related statements of current revenues, expenditures and Board deficiency, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2002, and the results of its operations and the changes in its capital financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for school boards in the Province of Newfoundland Labrador by the Department of Education.

As required by Section 66(2) of the Schools act, 1997, we report that all employees collecting, receiving and depositing cash are adequately bonded

Walters Hoffe
Chartered Accountants

Gander, Newfoundland

September 18, 2002

30 ROE AVENUE, P.O. BOX 348, GANDER, NEWFOUNDLAND A1V 1W7

Lewisporte/Gander School District
Balance Sheet

June 30	2002	2001
Assets		
Current Assets		
Cash (Supp. Info 1)	$ 29,862	$ 4,573
Short Term Investments (Supp. Info 2)		
Accounts Receivable (Note 2)	894,429	1,067,000
Inventory, at cost	12,626	24,989
Prepaid Expenses (Supp. Info 3)	104,985	991,295
Total Current Assets	1,041,902	2,087,857
Property and Equipment (Sch. 8)	82,477,784	73,500,683
	$ 83,519,686	$ 75,588,540
Liabilities and Board Equity		
Current Liabilities		
Bank indebtedness (Note 3)		$ 587,853
Accounts Payable and Accruals (Note 4)	$ 10,903,046	10,670,783
Current Maturities (Sch. 9B)	177,508	100,187
Total Current Liabilities	11,080,554	11,358,823
Long Term Debt (Sch. 9)	1,902,386	1,218,054
Board Equity		
Investment in Capital Assets (Note 6)	80,726,658	72,511,213
Reserve Account - Capital (Note 5)		160,409
Reserve Account - Current (Note 5A)		-
Board Deficiency (Note 9)	(10,189,912)	(9,659,959)
Total Board Equity	70,536,746	63,011,663
Commitments (Note 7)		
	$ 83,519,686	$ 75,588,540

Approved ______________ Chairperson

______________ Treasurer

See accompanying notes.

Lewisporte/Gander School District
Statement of Current Revenues, Expenditures and Board Deficiency

Year Ended June 30	2002	2001
Current Revenues (Schedule 1)		
Local Taxation		
Provincial Government Grants	$ 51,317,324	$ 50,555,866
Donations		
Ancillary Services	52,351	44,450
Miscellaneous	440,461	596,227
	51,810,136	51,196,543
Current Expenditures		
Administration (Schedule 2)	1,305,589	1,259,329
Instruction (Schedule 3)	41,849,369	40,342,464
Operations and Maintenance (Schedule 4)	5,033,682	5,110,208
Pupil Transportation (Schedule 5)	3,751,078	4,015,256
Ancillary Services (Schedule 6)		-
Interest Expense (Schedule 9C)	13,160	22,141
Miscellaneous Expenses (Schedule 7)	749	773
	51,953,627	50,750,171

23 111

	2002	2001
Excess of Revenue over Expenditure Before Teacher Severance	(143,491)	446,372
Teacher Severance	(222,607)	118,225
Transfer to Capital	(163,855)	(176,022)
Net Increase (Decrease) in Board Equity	$ (529,953)	$ 388,575

See accompanying notes

Lewisporte/Gander School District
Statement of Changes in Capital Fund

Year Ended June 30		2002	2001
70	Capital Receipt		
71	Proceeds from Bank Loans		
011	School Construction		
012	Equipment		
013	Service Vehicles	$ 29,442	$ -
014	Pupil Transportation	903,900	
015	Other		
72	SCB Grants		
011	School Construction and Equipment	47,749	2,406
012	Other		
73	Donations		
011	Cash Receipts		
012	Non-Cash Receipts		
013	Restricted Use		
74	Sale of Capital Assets Proceeds		
011	Land		
012	Buildings		(1,343)
013	Equipment		
014	Service Vehicles		
015	Pupil Transportation Vehicles	5,588	5,690
016	Other		
75	Other Capital Revenues		
011	Interest on Capital Fund Investments		
012	Premiums on Debentures		
013	Recoveries of Expenditures	53,987	
015	Insurance Proceeds		
017	Miscellaneous		
Total Capital Receipts			
77	Transfer from Reserve Account		39,591
78	Transfer to/from Current Fund	163,855	176,022
Total		$ 1,204,521	$ 222,366

See accompanying notes.

Walters Hoffe

Lewisporte/Gander School District
Statement of Changes in Capital Fund (cont'd)

Year Ended June 30		2002	2001
80	Capital Disbursements		
81	Additions to Property and Equipment		
011	Land and Sites	$ 80,459	$ 22,486
012	Building	108,092	139,769
013	Furniture and Equipment - School	59,200	
014	Furniture and Equipment - Other	1,335	
015	Services Vehicles	45,702	20,520
016	Pupil Transportation	903,891	
017	Other		
82	Principal Repayment of Loans		
011	School Construction		
012	Equipment		
013	Services Vehicles	5,842	
014	Other		
83	Miscellaneous Disbursements		
013	Other		39,591
Total Capital Disbursements		$ 1,204,521	$ 222,366

See accompanying notes.

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self-balancing group of accounts i provided for each fund." It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenue while those from the Newfoundland and Labrador Education Investment Corporation are mostly recorded as capital revenues.

b) Land, buildings and equipment are recorded in the accounts based on estimated values at January 1, 1997. Addition since that date are recorded at full cost in the capital fund.

c) The Board does not calculate or record depreciation on any of its fixed assets.

d) All capital expenditures financed out of current revenue funds are recorded as an expenditure in the current account.

e) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other prinicpal repayment of bank loans are recorded as Capital Expenditures.

Severance Pay

The Board has in effect severance pay policies whereby non-teaching staff employees are entitled to a severance payme upon leaving employment with the Board. Under these policies, a permanent employee who has nine (9) or more years o continuous service in the employ of the School Board is entitled to be paid on resignation, retirement, termination by reasons of disability, expiry of recall rights, or in the event of death, to the employee's estate, severance pay equal to the amount obtained by multiplying the number of completed years of continuous employment by his weekly salary to a maximum of twenty (20) weeks pay. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Severance pay for teachers is paid through the Department of Education. An amount of $571,927 has been paid during t 2001-02 fiscal year and is included in employee benefits for teachers.

Lewisporte/Gander School District
Notes to the Financial Statements

June 30, 2002

2. Accounts Receivable

	2002	2001
Current		
11 131 Provincial Government Grant	$ 284,445	$ 421,628
132 Transportation		
133 Federal Government	113,562	169,620
134 School Taxes		
136 Other School Boards		
137 Rent		
138 Interest		
139 Travel Advances and Misc.	99,168	125,255
Capital		
11 231 SCB - Construction Grants	46,757	
233 Local Contributions		
234 Other School Boards		
235 Other - Insurance Proceeds (Note 8)	350,497	350,497
	894,429	1,067,000
Less: Allowance for uncollectible Government grants		
	$ 894,429	$ 1,067,000

3. Bank Indebtedness - Current

	2002	2001
21 131 On Operating Credit		
132 On Current Account		$ 587,853
		$ 587,853

4. Accounts Payable and Accruals

			2002	2001
	Current			
21 111	Trade Payables		$ 306,743	$ 213,575
112	Accrued - Liabilities		20,913	17,682
113	- Interest		2,803	4,734
114	- Wages		206,245	279,594
115	Payroll Deductions		39,843	93,981
116	Retail Sales Tax			
117	Deferred Grants		37,923	124,857
118	Other		3,357	3,357
119	Severance Pay	- Regular	1,414,499	1,284,890
		- Teacher	8,870,720	8,648,113
	Capital			
21 211	Trade Payables			
212	Accrued - Liabilities			
213	- Interest			
217	Deferred Grants			
218	Other			
			$ 10,903,046	$ 10,670,783

5. Reserve Account - Capital

Description:

	2002	2001
Balance, beginning of year	$ 160,409	$ 200,000
Less: Transfer to Capital Fund	160,409	39,591
	-	160,409
Add: Transfer from Board Equity		
Balance, end of year	$ -	$ 160,409

5. Reserve Account - Capital (continued)

The capital reserve is related to the Extension and Renovation project at Greenwood Academy and represents the Board's contribution to the project. It was anticipated that the board would proceed to complete items in this project that were omitted previously. However, the Education Investment Corporation recovered this amount from monies that were due the board from another capital project.

5A. Reserve Account - Current

Description:	2002	2001
Balance, beginning of year	$ -	$ -
Less: Current Expenditures		
Add: Transfer from Board Equity		
Balance, end of year	$ -	$ -

6. Investment in Capital Assets

		2002	2001
Investment in Capital Assets, opening balance		$ 72,760,290	$ 73,454,047
Less: Prior Years Adjustment to Investment in Capital Assets		(249,077)	(249,077)
As Restated		72,511,213	73,204,970
Transfer of Operating Funds to Capital Fund		163,855	176,022
Transfer from Reserve			
Grants	- SCB - Contribution for Capital Fund	47,748	
	- Other	53,987	2,406
	- Debt Repayment		
Proceeds from Sale of Capital Assets	- Land		
	- Buildings		(1,343)
	- Vehicles	5,588	5,690
Additions to School Buildings		8,788,352	
		81,570,743	73,387,745
Deduct Adjustments:			
Cost of Assets Sold	- Land	(7,594)	
	- Buildings	(489,947)	(603,393)
	- Busses	(493,799)	(221,817)
	- Service Vehicles	(18,592)	(145,666)
		(1,009,932)	(970,876)
Other - Pupil transportation loan payments made by current fund.		165,847	94,344
23 221 Investment in Capital Assets, end of year		$ 80,726,658	$ 72,511,213

Lewisporte/Gander School District
Notes to the Financial Statements

June 30, 2002

6. Investment in Capital Assets (continued)

As at June 30, 2002 the Board has recorded the following additions to its Investment in Capital Asset account. These amounts are a result of capital projects that were funded through the Education Investment Corporation and administered through the Department of Works Services and Transportation. The additions cover the period 1997 to present.

Greenwood Academy	*963,336*	Extension & Renovations
Summerford Primary	*78,534*	Air Conditioning/OWSJ
JM Olds	*95,007*	Windows/Siding
Twillingate Elementary	*19,544*	Air Conditioning
AR Scammell	*45,684*	Roofing
New World Island School	*3,511,995*	New School - Envelope
Centreville Academy	*125,534*	Roofing
Holy Cross	*53,724*	Roofing
Bayview Heights	*1,454,140*	Extension & Renovations
Gander Academy	*44,719*	Roofing
Gander Collegiate	*20,276*	Air Conditioning
Glovertown School Complex	*21,118*	Roofing
Jane Collins Academy	*582,043*	Extension & Renovations
Lester Pearson	*1,296,800*	Extension & Renovations
Memorial Academy	*405,930*	Extension & Renovations
St. Paul's	*45,667*	Gym Floor
St. Gabriel's	*24,301*	Roofing
	8,788,352	

7. Commitments

At balance sheet date, the Lewisporte/Gander School District was committed to the following equipment leases:

Telephone Equipment:

$2,269 monthly, including HST, expires December, 2003

Photocopiers and Office Equipment:

$6,950 annually, including HST, expires March, 2004
$621 quarterly, including HST, expires October, 2004
$6,380 monthly, including HST for 10 months of each year, expires June, 2006
$628 quarterly, including HST, expires April, 2006

8. Other

a) The Lewisporte/Gander School District was created on January 1, 1997 as a result of the reorganization of school boards by the Province of Newfoundland and Labrador. Assets, liabilities and equities of the predecessor boards were allocated to the ten (10) new school districts created by the Province, subject to the terms and conditions contained in section 95 of the 1997 Schools Act.

b) On December 29, 1991 fire partially destroyed the building and contents of Jane Collins Academy in Hare Bay. School buildings and contents are insured by a Provincial Government blanket policy, covering all the schools in the province which are under the jurisdiction of the Department of Education.

The Board has received $1,296,841 as a result of its claims for this fire and has recorded an account receivable of $350,497 (Note 2). The funds received have essentially come from the Provincial Government as a result of its liability for the deductible portion on each insurance claim.

The balance receivable has been submitted to the insurance company for payment. However, the insurance company has indicated that it does not intend to pay this amount because it feels the Board could have reconstructed the school by salvaging some of the damaged materials.

The Board has taken legal action on this matter and has filed a claim against the insurance company. As at the date of the Auditors' Report there has been no indication of the final settlement of this matter.

9. **Board Deficiency**	2002	2001
Opening Board deficiency as previously stated	$ (9,864,418)	$ (10,479,579)
Prior Year Adjustments:		
Investment in Capital Assets	249,077	249,077
Utilities Grant	-	181,968
Strike Savings Clawback	(9,000)	
Transfer to Capital	(35,618)	
As Restated	(9,659,959)	(10,048,534)
Net increase(decrease) in Board Equity (Page 5)	(529,953)	388,575
Board Deficiency, end of year	$ (10,189,912)	$ (9,659,959)

10. Department of Education Receivables and Payables

As at June 30, 2002 the Board has recorded the following receivables from the Newfoundland Provincial Government Department of Education.

Accounts Receivable - Current

Amounts due re:	Air Quality - Carpet Removal	$	136,377
Amounts due re:	School Operations		26,374
Amounts due re:	Loan Interest		5,848
Amounts due re:	Air Quality Projects		6,495
Amounts due re:	Janitorial & Maintenance Salaries		44,000
Amounts due re:	Water Delivery		3,458
Amounts due re:	Other		642
Amounts due re:	Transportation		61,251
		$	284,445

Accounts Receivable - Capital

Amounts due re:	Lumsden Elevator	$	36,393
Amounts due re:	Lewisporte Middle School - Accessibility		10,364
		$	46,757

Accounts Payable

Amounts due re:	Transportation	$	45,279
Amounts due re:	Teachers Payroll		23,341
		$	68,620

Lewisporte/Gander School District
Current Revenues

Schedule 1

	Year Ended June 30	2002	2001
	Current Revenues		
31 010	Local Taxation		
011	School Taxes		
32 010	Provincial Government Grants		
011	Regular Operating Grants	$ 7,357,178	$ 7,650,900
012	Special Grants (Details on bottom of Schedule 1)	423,257	727,233
013	Payroll Tax	672,919	642,137
	Salaries and Benefits		
017	Directors and Assistant Directors	311,015	297,004
021	Regular Teachers	36,727,063	35,356,564
021	Student Assistants	889,805	780,656
022	Substitute Teachers	1,382,522	1,277,938
030	Pupil Transportation		
031	Board Owned	3,346,554	3,636,819
032	Contracted	58,482	58,482
033	Special Needs	148,529	128,133
034	Other - Employee Benefits		
		51,317,324	50,555,866
33 010	Donations		
012	Cash Receipts		
013	Non Cash Receipts		
014	Restricted Use		
34 010	Ancillary Services		
011	Revenue from Rental of Residences		
015	Interest on Schools		
021	Revenues from Rental of Schools and Facilities (Net)	18,351	13,900
022	Internally Generated Funds - Snow Clearing	34,000	30,550
031	Cafeterias		
032	Other		
		52,351	44,450

Lewisporte/Gander School District
Current Revenues

Schedule 1 (cont'd)

Year Ended June 30			2002	2001
Current Revenues				
35	010	Miscellaneous		
	011	Interest on Investments	**41,589**	52,703
	012	Bus Charters		
		Regular	**88,254**	93,295
		Lunch Hour Runs	**66,857**	84,312
	021	Recoveries of Expenditures	**54,237**	
	022	MUN Grant		
		Internship Program	**633**	5,541
		STEMNET	**9,444**	5,100
		Intensive French		34,398
	031	Revenues from Other School Boards		
	051	Insurance Proceeds		5,187
	061	Bilingual Education Revenue		
	071	Operating Revenues from Native Peoples Grant		
	081	Miscellaneous Federal Grant	**24,624**	123,758
	091	Textbooks	**118,676**	84,787
	092	Sundry	**36,147**	107,146
			440,461	596,227
36	011	Transfer from Capital		
		Total Current Revenues	**$ 51,810,136**	$ 51,196,543

Lewisporte/Gander School District
Current Revenues

Schedule 1 (cont'd)

Year Ended June 30	2002	2001
Special Grants		
French Monitor	$ 4,945	$ 14,492
Core French	14,934	4,817
French - Immersion	531	4,866
French Teacher Aide	8,724	11,379
Textbook 8% Reimbursement	11,145	7,383
Teacher Relocation	2,438	2,992
Textbook Replacement Savings	8,569	2,744
Reimbursement for Distance Education		18,108
School Board Elections	9,231	
JCA Loan Interest	13,111	22,141
Water Delivery	20,171	18,106
Reclassification - Secretarial		87,139
Utilities	19,974	236,681
Tutor Training	8,539	4,197
Salary Increases - April - June, 2001	58,778	
AR Scammell - Oil Spill		292,188
Distance Education	511	
Work Force Reduction	70,123	
Speech Language Pathology Sessions	4,543	
First Steps	13,104	
Distance Education - Pilot	10,709	
Tutoring/Work Experience	6,800	
Air Quality - Carpet Removal	136,377	
	$ 423,257	$ 727,233

Lewisporte/Gander School District
Administration Expenditures

Schedule 2

Year Ended June 30			2002		2001
51 011	Salaries and Benefits - Director and Assistant Directors	$	336,674	$	302,411
012	Salaries and Benefits - Board Office Personnel		608,719		600,224
013	Office Supplies		29,045		32,309
014	Replacement Furniture and Equipment		26,638		22,152
015	Postage		15,238		13,251
016	Telephone		46,197		41,747
017	Office Equipment Rentals and Repairs		15,221		12,281
018	Bank Charges		25		35
019	Electricity		13,861		11,882
021	Fuel				
022	Insurance				656
023	Repairs and Maintenance (Office Building)		4,038		4,142
024	Travel		46,454		41,440
025	Board Meeting Expenses		26,215		35,430
026	Election Expenses		9,731		
027	Professional Fees		21,716		36,544
028	Advertising		26,848		27,738
029	Membership Dues		42,003		42,052
031	Municipal Service Fees				
032	Rental of Office Space				
033	Relocation Expenses				
034	Miscellaneous		28,260		25,603
035	Payroll Tax		8,706		9,432
Total Administration Expenditures		$	1,305,589	$	1,259,329

Lewisporte/Gander School District
Instruction Expenditures

Schedule 3

Year Ended June 30			2002	2001
52 010	Instructional Salaries (Gross)			
011	Teachers' Salaries	- Regular	$ 31,412,648	$ 29,999,049
012		- Substitute	1,392,068	1,271,433
013		- Board Paid	41,701	30,294
013		- Student Assistants	890,059	783,999
014	Augmentation			
015	Employee Benefits		5,318,745	5,353,183
016	School Secretaries - Salaries and Benefits		699,735	780,134
017	Payroll Tax		683,679	654,403
018	Other - French Monitor		5,286	15,380
018	Teacher Aid		8,724	9,369
018	IMC Salary		21,863	24,332
			40,474,508	38,921,576
52 040	Instructional Materials			
041	General Supplies		342,745	299,983
042	Library Resource Materials		35,515	45,774
043	Teaching Aids		272,567	284,132
044	Textbooks		119,196	85,398
			770,023	715,287
52 060	Instructional Furniture and Equipment			
061	Replacement		125,041	132,234
062	Rentals and Repairs		107,715	94,357
			232,756	226,591
52 080	Instructional Staff Travel			
081	Program Co-ordinators		38,762	36,465
082	Teachers' Travel		99,427	101,289
083	Inservice and Conferences		66,840	62,767
			205,029	200,521
090	Other Instructional Costs			
52 091	Postage and Stationary			
092	Miscellaneous		167,053	278,489
			167,053	278,489
			$ 41,849,369	$ 40,342,464

Lewisporte/Gander School District

Schedule 4

Operations and Maintenance Expenditures - Schools

Year Ended June 30			2002	2001
53 011	Salaries and Benefits - Janitorial		$ 1,547,450	$ 1,444,812
012	Salaries and Benefits - Maintenance		695,581	710,839
013	Payroll Tax		32,129	42,620
014	Electricity		1,274,108	1,260,720
015	Fuel		176,334	232,518
016	Municipal Service Fees		79,955	68,931
017	Telephone		211,763	185,707
018	Vehicle Operating and Travel		40,207	50,924
019	Janitorial Supplies		118,966	94,938
021	Janitorial Equipment		8,603	6,959
022	Repairs and Maintenance	- Building	688,307	803,089
023		- Equipment	10,875	13,882
024	Contracted Services - Janitorial		4,550	4,910
025	Snow Clearing		132,513	175,905
027	Other		12,341	13,454
Total Operations and Maintenance Expenditures			$ 5,033,682	$ 5,110,208

Lewisporte/Gander School District
Pupil Transportation Expenditures

Schedule 5

Year Ended June 30		2002	2001
54 010	Operation and Maintenance of Board Owned Fleet		
011	Salaries and Benefits - Administration	$ 79,389	$ 86,491
012	Salaries and Benefits - Drivers and Mechanics	2,290,094	2,480,900
013	Payroll Tax	36,005	39,664
014	Debt Repayment - Interest	69,265	67,921
015	- Principal	165,846	94,344
016	Bank Charges		
017	Gas and Oil	387,875	482,928
018	Licences	58,209	70,887
019	Insurance	41,575	37,517
021	Repairs and Maintenance - Fleet	285,333	345,215
022	- Building	14,275	11,383
023	Tires and Tubes	38,205	33,161
024	Heat and Light	23,205	29,089
025	Municipal Services	130	
026	Snow Clearing	10,456	11,938
027	Office Supplies	8,001	9,985
029	Travel	4,981	4,744
031	Professional Fees	7,276	2,742
032	Miscellaneous	7,025	5,130
033	Telephone	16,922	14,602
		$ 3,544,067	$ 3,828,641
54 040	Contracted Services		
041	Regular Transportation	58,482	58,482
042	Handicapped	148,529	128,133
043	Busing - Other		
		207,011	186,615
Total Pupil Transportation Expenditures		$ 3,751,078	$ 4,015,256

Lewisporte/Gander School District
Ancillary Services and Miscellaneous Expenses

Year Ended June 30		2002	2001
Ancillary Services			**Schedule 6**
55	Ancillary Services		
011	Operations of Teachers' Residence	$ -	$ -
013	Janitorial		
031	Cafeterias		
032	Other		
		$ -	$ -

		2002	2001
Miscellaneous Expenses			**Schedule 7**
The Board has incurred the following miscellaneous expenses:			
57 001	Miscellaneous	749	773
		$ 749	$ 773

Lewisporte/Gander School District
Details of Property and Equipment

Schedule 8

June 30,2002

	Balance June 30/01	Additions Prior Yr. Adj.	Additions 2002	Disposals Prior Yr. Adj.	Disposals 2002	Balance June 30/02
Land and Sites						
12 210 Land and Sites						
211 Land and Sites	368,275		80,459		7,594	441,140
12 212 Land Improvements	368,275	-	80,459		7,594	441,140
12 220 Buildings						
221 Schools	57,151,173		8,896,447		489,947	65,557,673
222 Administration	645,501					645,501
223 Residential						-
224 Recreation						-
225 Other - Maintenance	136,323					136,323
	57,932,997	-	8,896,447	-	489,947	66,339,497
12 230 Furniture & Equipment						
231 Schools	7,124,098		60,534			7,184,632
232 Administration	422,988					422,988
233 Residential						-
234 Recreation						-
235 Other - Maintenance	12,926					12,926
	7,560,012	-	60,534	-	-	7,620,546
12 240 Vehicles						
241 Service Vehicles	171,947		17,543			189,490
12 250 Pupil Transportation						
251 Land	32,811					32,811
252 Building	534,481					534,481
253 Vehicles - Buses	6,709,464		903,891		493,799	7,119,556
254 - Service	139,786		28,159		18,592	149,353
255 Equipment	50,262					50,262
256 Other						-
	7,466,804	-	932,050	-	512,391	7,886,463
12 260 Miscellaneous Capital Assets						
261 Other	648					648
Total Property & Equipment	$ 73,500,683	$ -	$ 9,987,033	$ -	$ 1,009,932	$ 82,477,784

Land, buildings and equipment have been recorded in the accounts at estimated values at January 1, 1997. Additions since that date have been recorded at cost. Lands and sites on which some of the buildings are erected are vested in the former school boards or denominational education councils or churches. All real and personal property used for the purpose of education by Lewisporte/Gander School District #6 will be subject to the terms and conditions contained in Section 84 of the 1997 Schools Act.

As of the date of the Auditors' Report the values of all of the school buildings and equipment used by the Lewisporte/Gander School District #6 have not been obtained from the Department of Education or the former school boards.

Lewisporte/Gander School District
Details of Long Term Debt

Schedule 9

June 30	2002	2001
Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador		
22 210 Loans Other Than Pupil Transportation		
Ref.#		
211 Bank Loans		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
Total 211		
212 Mortgages		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
Total 212		
213 Debentures		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
Total 213		
214 Other - JCA	328,768	328,768
- Lease Buyout	1,948	7,790
Subtotal	330,716	336,558
215 Less: Current Maturities	1,948	5,843
Total Loans Other Than Pupil Transportation	328,768	330,715

Lewisporte/Gander School District
Details of Long Term Debt

Schedule 9 (cont'd)

June 30	2002	2001
22 220 Loans - Pupil Transportation		
Ref #		
221 Vehicle Bank Loans		
Prime-5/8% Repayable $2,677 monthly, maturing 2011	281,093	313,219
Prime-5/8% Repayable $1,537 monthly, maturing 2011	172,170	190,617
Prime-5/8% Repayable $3,648 monthly, maturing 2012	434,075	477,847
Prime-5/8% Repayable $6,277 monthly, maturing 2013	834,852	
Prime-5/8% Repayable $ 491 monthly, maturing 2007	26,988	
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
Total 221	1,749,178	$ 981,683
222 Land, Building and Equipment Bank Loans		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
Total 222		
Subtotal	1,749,178	$ 981,683
223 Less: Current Maturities	175,560	94,344
Total Loans - Pupil Transportation	1,573,618	887,339
Total Long Term Debt	1,902,386	$ 1,218,054

Lewisporte/Gander School District
Summary of Long Term Debt

Schedule 9A

June 30, 2002

Description	Ref.#	Rate	Balance Beginning of Year	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
A) School Construction		Prime - 5/8%	$ 328,768			$ 328,768
B) Equipment						
C) Service Vehicle			7,790		5,842	1,948
D) Other						
E) Pupil Transportation		Prime - 5/8%	981,683	933,342	165,847	1,749,178
Total Loans			$ 1,318,241	$ 933,342	$ 171,689	$ 2,079,894
Less: Current Maturities			$ 177,508			177,508
Total Loans			$ 1,140,733	$ 933,342	$ 171,689	$ 1,902,386

Lewisporte/Gander School District
Schedule of Current Maturities

Schedule 9B

June 30, 2002

Description	2003	2004	2005	2006	2007
A) School Construction					
B) Equipment					
C) Service Vehicles	1,948				
D) Other					
E) Pupil Transportation	175,560	175,560	175,560	175,560	173,104
Total	$177,508	$175,560	$175,560	$175,560	$173,104

Lewisporte/Gander School District
Schedule of Interest Expenses

Schedule 9C

Year Ended June 30	2002	2001
Description		
012 Capital		
School Construction	13,111	22,141
Equipment		
Service Vehicles		
Other		
Pupil Transportation	69,265	67,921
Total Capital	82,376	90,062
013 Current - Operating Loans - Supplier Interest Charges	49	
Total Current		
Total Interest Expense	82,425	$ 90,062

Lewisporte/Gander School District
Supplementary Information

June 30		2002	2001
1.	**Cash**		
	Current		
11 110	Cash on Hand and in Bank		
111	Cash on Hand	460	460
112	Bank - Current	30,141	
113	- Savings		
114	- Teachers' Payroll	(2,438)	2,413
115	- Non Teachers' Payroll		
116	- Coupon (debenture)		
117	- Other-Trust Fund	1,700	1,700
	Capital		
11 210	Cash on Hand and in Bank		
211	Cash on Hand		
212	Bank - Current		
213	- Savings		
214	- Other		
	Total Cash on Hand and in Bank	29,863	4,573
2.	**Short Term Investments**		
	Current		
11 121	Term Deposits		
122	Canada Savings Bonds		
123	Other		
	Capital		
11 221	Term Deposits		
222	Canada Savings Bonds		
223	Other		
	Total Short Term Investments		

Lewisporte/Gander School District
Supplementary Information (Cont')

June 30				2002	2001
3.		Prepaid Expenses			
		Current			
11	141	Insurance			
	142	Municipal Service Fees			
	143	Supplies			
	144	Other	- WCB	**89,182**	76,199
			- Travel	**3,500**	4,802
			- Miscellaneous	**12,303**	6,403
		Capital			
11	241	Other			903,891
				104,985	991,295

LIVESTOCK OWNERS COMPENSATION BOARD

LIVESTOCK OWNERS COMPENSATION FUND

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Livestock Owners Compensation Board
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2003 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
12 June 2003

LIVESTOCK OWNERS COMPENSATION BOARD

LIVESTOCK OWNERS COMPENSATION FUND

BALANCE SHEET

31 MARCH 2003

	2003	2002
ASSETS		
Current		
Cash	$ 17,818	$ 17,242
Accounts receivable	797	847
	$ 18,615	$ 18,089
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 894	$ 1,438
Equity		
Contributions - Province of Newfoundland and Labrador	78,895	78,895
Deficit	(61,174)	(62,244)
	17,721	16,651
	$ 18,615	$ 18,089

See accompanying notes

Signed on behalf of the Board:

Chairperson

Member

LIVESTOCK OWNERS COMPENSATION BOARD

LIVESTOCK OWNERS COMPENSATION FUND

STATEMENT OF REVENUES, EXPENSES AND DEFICIT

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
REVENUES		
Province of Newfoundland and Labrador		
Payments on behalf of the Board for administration (Note 2)	$ 750	$ 750
Premiums from livestock owners	1,811	2,645
Interest	-	478
	2,561	3,873
EXPENSES		
Bank charges	30	163
Indemnity claims	711	4,910
Professional services (Note 2)	750	750
	1,491	5,823
Excess of revenues over expenses (expenses over revenues)	1,070	(1,950)
Deficit, beginning of year	(62,244)	(60,294)
Deficit, end of year	$(61,174)	$(62,244)

See accompanying notes

LIVESTOCK OWNERS COMPENSATION BOARD

LIVESTOCK OWNERS COMPENSATION FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

The Livestock Owners Compensation Board (the Board) operates under the authority of the *Livestock Insurance Act*. The purpose of the Board is to operate the Livestock Owners Compensation Fund to provide insurance to farmers of the Province to restrict the amount of livestock loss. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Livestock Owners Compensation Fund.

1. Basis of accounting

The financial statements have been prepared by the Board in accordance with Canadian generally accepted accounting principles.

2. Administration expenses

The Board is administered by employees of the Department of Forest Resources and Agrifoods. The Province, represented by the Department, is responsible for the costs of administration of the Board. The costs which are paid directly by the Province on behalf of the Board are not reflected in these financial statements, except for expenses of $750 (2002 - $750) relating to professional services.

3. Economic dependence

As a result of the Board's reliance on Provincial funding to meet its administrative costs, the Board's ability to continue viable operations is dependent upon continued funding from the Province.

4. Financial instruments

The Board's financial instruments recognized in the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments.

5. Income taxes

The Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Federal or Provincial income taxes.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

AUDITED FINANCIAL STATEMENTS

April 30, 2003

SQUIRE & HYNES
Chartered Accountants

57 Park Street, P.O. Box 248
Corner Brook, Newfoundland, A2H 6C9
Tel: (709) 634-8256 Fax: (709) 639-1647 email: accountants@squirehynes.ca

AUDITORS' REPORT

To the Directors of
Marble Mountain Development Corporation

We have audited the balance sheet of Marble Mountain Development Corporation as at April 30, 2003 and the statements of revenue, expenditures and deficit and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as the overall financial statement presentation.

The Corporation's policy is to not provide for amortization of its property, plant and equipment. Canadian generally accepted accounting principles require that property, plant and equipment with a limited life held by not-for-profit organizations should be amortized over their useful lives. The Corporation's policy is not to amortize its government assistance relating to the purchase of property, plant and equipment. Canadian generally accepted accounting principles require that government assistance be amortized on the same basis as the amortization expense of the related property, plant and equipment.

In our opinion, except for the effects of the above as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at April 30, 2003 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures were audited by another firm of Chartered Accountants.

June 24, 2003

Squire & Hynes

Richard C. Squire, C.A., C.B.V.
Kenneth L. Hynes, C.A.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

BALANCE SHEET

As at April 30, 2003

	2003	2002
ASSETS	$	$
CURRENT ASSETS		
Cash	9,905	9,679
Accounts receivable (note 1)	186,882	106,498
Inventory	36,670	5,877
Prepaid expenses	98,893	69,750
Due from Marble Mountain Management Corporation (note 12)	191,338	199,668
	523,688	391,472
PROPERTY, PLANT AND EQUIPMENT (note 2)	33,891,038	33,815,121
	34,414,726	34,206,593
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness (note 3)	2,002,206	1,647,486
Accounts payable and accrued liabilities (note 4)	449,918	411,579
Deferred revenue	5,250	4,500
Current portion - obligation under capital leases (note 5)	74,904	90,656
	2,532,278	2,154,221
OBLIGATION UNDER CAPITAL LEASES (note 5)	121,107	196,010
LONG-TERM DEBT (note 6)	300,000	300,000
GOVERNMENT ASSISTANCE AND OTHER CONTRIBUTIONS (notes 7 & 8)	32,382,710	32,382,710
	35,336,095	35,032,941
SHARE CAPITAL AND DEFICIT		
SHARE CAPITAL (note 9)	-	-
DEFICIT	(921,369)	(826,348)
	(921,369)	(826,348)
	34,414,726	34,206,593

Contingent liabilities (note 11)

On behalf of the Board:

Director

Director

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

STATEMENT OF REVENUE, EXPENDITURES AND DEFICIT

For the year ended April 30, 2003

	2003	2002
	$	$
REVENUE		
Income (loss) from operations		
Lift operations – Schedule I	(299,217)	(421,083)
Rental and repair shop – Schedule II	93,902	62,383
Cafeteria – Schedule III	43,978	33,612
Bar – Schedule IV	36,674	30,027
Ski school – Schedule V	39,499	32,805
Events – Schedule VI	1,124	(13,064)
Marketing – Schedule VII	(163,329)	(186,109)
Marble Villa – Schedule VIII	137,436	56,454
Interest income	930	508
Operating grant (note 8(a))	400,000	400,000
Gain on disposal of property, plant and equipment	-	48,150
Grant – revised master plan – (note 8(b))	-	15,000
Other	1,586	12,503
	292,583	71,186
EXPENDITURES		
Directors' fees (note 12)	9,763	16,282
Equipment rental	-	1,322
Advertising	3,697	1,274
Labour services	130,179	179,090
Management fees (note 12)	54,145	24,235
Office supplies	4,648	7,704
Communications	8,801	11,159
Travel	4,713	3,747
Interest and bank charges	100,916	94,115
Professional fees	13,286	16,364
Board and committee meetings	11,350	11,000
Revised master plan	-	39,090
Miscellaneous	1,332	1,830
Claims	-	23,000
Supplies	2,038	1,600
Bad debts (recovery)	(696)	-
	344,172	431,812
EXCESS OF EXPENDITURES OVER REVENUE FOR THE YEAR BEFORE EXTRAORDINARY ITEM	(51,589)	(360,626)
Extraordinary item - Oil spill clean-up	(43,432)	-
EXCESS EXPENDITURES OVER REVENUE	(95,021)	(360,626)
Deficit at beginning of year	(826,348)	(465,722)
DEFICIT AT END OF YEAR	(921,369)	(826,348)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

For the year ended April 30, 2003

	2003	2002
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	1,694,049	1,266,076
Cash paid to suppliers and employees	(2,190,315)	(2,057,949)
Interest received	930	508
Interest paid	(100,916)	(94,115)
	(596,252)	(885,480)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital lease obligations	(90,655)	(36,505)
Decrease in due from Marble Mountain Management Corporation	8,330	8,930
Operating grant	400,000	209,890
	317,675	182,315
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(76,867)	(25,101)
Proceeds on disposal of property, plant and equipment	950	48,150
	(75,917)	23,049
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(354,494)	(680,116)
Cash and cash equivalents at beginning of year (note)	(1,637,807)	(957,691)
CASH AND CASH EQUIVALENTS AT END OF YEAR (note)	(1,992,301)	(1,637,807)

Note to the statement of cash flows

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments. Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

	2003	2002
	$	$
Cash	9,905	9,679
Bank indebtedness	(2,002,206)	(1,647,486)
	(1,992,301)	(1,637,807)

GENERAL

The Corporation is a "Non-Profit Development Corporation" incorporated under the *Corporations Act* of Newfoundland and Labrador. Its affairs are managed by a Board of Directors appointed by the Lieutenant Govenor in Council. The Province of Newfoundland and Labrador holds 100% of the issued common shares.

The principal business activity of the Corporation is managing and controlling the operations of the area known as the Marble Mountain Development area.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventory

Inventory is recorded at the lower of cost and net realizable value.

Property, plant and equipment

Property, plant and equipment purchased by the Corporation are stated at cost. Donated assets are recorded at their estimated fair market value. No provision for amortization of property, plant and equipment is recorded in the financial statements of the Corporation.

Government assistance and other contributions

Government grants and other contributions related to the acquisition of property, plant and equipment are recorded as deferred credits. The deferred credits related to the acquisition of property, plant and equipment have not been amortized. Government assistance and other contributions related to property, plant and equipment retired from use are credited against the property, plant and equipment in the year of retirement.

Government grants

Government grants related to operations are recorded as revenue or as a reduction of the expense to which the grant relates.

Accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses reported during the reporting period.

1. ACCOUNTS RECEIVABLE

	2003	2002
	$	$
Trade	178,191	94,958
Harmonized Sales Tax receivable	8,691	10,145
Miscellaneous receivable	-	1,395
	186,882	106,498

2. PROPERTY, PLANT AND EQUIPMENT

	2003	2002
	$	$
Snowmaking	1,624,229	1,624,229
Buildings		
Maintenance building	411,403	409,456
Day Lodge	6,893,172	6,890,447
Buildings – other	116,641	116,641
Condominium	3,154,947	3,145,860
	10,576,163	10,562,404
Equipment		
Snowmaking	4,351,722	4,351,722
Chairlifts	2,318,412	2,318,412
Snowgroomers	601,602	601,602
T-bars/platter lift	120,824	120,824
Ski rental	278,643	261,125
Racing	64,127	64,127
Detachable quad lift	2,302,738	2,302,738
	10,038,068	10,020,550

2. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2003	2002
	$	$
Other		
Heritage tree	120,856	120,856
Motor vehicles	43,946	43,946
Slopes, roads and parking lots	8,345,166	8,300,526
Furniture and equipment	659,387	659,387
Land assembly	1,870,356	1,870,356
Equipment under capital lease	464,654	464,654
Snowboard park	34,822	34,822
Playground equipment	23,965	23,965
Walking trails	89,426	89,426
	11,652,578	11,607,938
	33,891,038	33,815,121

3. BANK INDEBTEDNESS

	2003	2002
	$	$
Outstanding cheques in excess of funds on deposit	50,391	14,655
Line of credit	1,951,815	1,632,831
	2,002,206	1,647,486

The line of credit is authorized in the amount of $2,100,000 and bears interest at the rate of bank prime less .5%. It is secured by a Provincial Government guarantee and letter of indemnity and overdraft agreement signed by the Board of Directors.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2003	2002
	$	$
Trade	433,496	389,369
Payroll benefits payable	16,422	2,857
Construction and equipment costs	-	19,353
	449,918	411,579

5. OBLIGATION UNDER CAPITAL LEASES

The following is a schedule of future minimum lease payments under capital leases expiring in the year 2006, together with the present balance of the obligations under the capital leases.

	2003	2002
Year ending April 30,	$	$
2003	-	116,070
2004	91,716	91,716
2005	83,466	83,466
2006	46,928	46,928
	222,110	338,180
Less: Amount representing interest (22%)	26,099	51,514
	196,011	286,666
Less: Current portion	74,904	90,656
	121,107	196,010

6. LONG-TERM DEBT

	2003	2002
	$	$
Department of Industry, Trade and Rural Development loan non-interest bearing and repayable in annual installments based on 20% of available cash flow to 2015.	300,000	300,000

The above long-term debt is secured by chattel mortgage on specific equipment. Long-term debt repayments required to meet retirement provisions are based on available cash flow which is defined as net profit plus amortization less principal payments on long-term debt and capital leases. In the current year, there is a net loss, therefore no repayment is due. The Corporation has fifteen years to repay the loan in full.

7. GOVERNMENT ASSISTANCE AND OTHER CONTRIBUTIONS - CAPITAL

The Corporation has recorded government grants and other contributions related to the acquisition of capital assets as deferred credits.

	2003	2002
	$	$
Tourism Development Subsidiary Agreement	2,499,000	2,499,000
Province of Newfoundland and Labrador		
Department of Municipal and Provincial Affairs	560,167	560,167
Department of Tourism and Culture	13,671,934	13,671,934
Department of Employment and Labour Relations	21,200	21,200
Department of Industry, Trade and Technology	2,732,512	2,732,512
Department of Finance	3,056,696	3,056,696
Atlantic Canada Opportunities Agency	8,377,562	8,377,562
Government of Canada		
Department of Industry, Science and Technology	44,395	44,395
Department of Employment and Immigration	5,000	5,000
Natural Resources Canada/Mining Sector	1,727,000	1,727,000
Department of Public Works and Government Services	315,721	315,721
Marble Mountain Ski Club	2,099,114	2,099,114
1999 Canada Winter Games Host Society	83,265	83,265
Heritage Tree Committee	1,074	1,074
	35,194,640	35,194,640
Less amount related to capital assets retired from service or sold	(2,811,930)	(2,811,930)
	32,382,710	32,382,710

8. GOVERNMENT ASSISTANCE AND OTHER CONTRIBUTIONS – OPERATIONS

Province of Newfoundland and Labrador – Operating grant

For the year ended April 30, 2003, an administrative operating grant in the amount of $400,000 (2002 $400,000) was approved and received.

The above contributions are subject to the terms and conditions as outlined in the applicable contribution agreements.

9. CAPITAL STOCK

The Province of Newfoundland and Labrador holds 100% of the issued common shares of the Corporation.

10. INCOME TAXES

The Corporation is a non-profit corporation wholly owned by the Province of Newfoundland and Labrador and as such is not subject to Federal or Provincial income taxes.

11. CONTINGENT LIABILITY

As at April 30, 2003, a supplier had claimed that the Corporation owed it approximately $88,053 for services rendered. The Corporation's management feels that the claim is unfounded and the likelihood of any loss resulting therefrom is undeterminable. Therefore, the Corporation has not recorded in its accounts any provision for losses that may result from the claim.

12. RELATED PARTY TRANSACTIONS

As at April 30, 2003, the Corporation was owed $191,338 from Marble Mountain Management Corporation. This receivable relates to the balance outstanding as a result of grant reallocations, equipment rental and the transfer of operating assets, net of labour services provided by Marble Mountain Management Corporation.

During the year ended April 30, 2003, a management fee was paid to the Chairperson of the Board of Directors in the amount of $54,145. In addition, directors' fees of $9,763 were paid in total to the Board of Directors of the Corporation.

13. FINANCIAL INSTRUMENTS

The Corporation's financial instruments recognized in the balance sheet consist of cash, accounts receivable, bank indebtedness, bank line of credit, accounts payable, accrued liabilities and long-term debt. Unless otherwise noted, it is management's opinion that the entity is not exposed to significant interest, currency or credit risks from these financial instruments. The fair values of these financial instruments approximates their carrying values unless otherwise noted.

14. COMPARATIVE FIGURES

Certain 2002 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2003.

MARBLE MOUNTAIN MANAGEMENT CORPORATION

SCHEDULE I
STATEMENT OF REVENUE AND EXPENDITURES - SKI OPERATIONS
For the year ended April 30, 2003

	2003	2002
	$	$
REVENUE		
Lift tickets	386,044	299,269
Season passes	248,608	219,089
Tenant - revenue	12,048	10,637
Children's centre	7,453	7,403
Other	2,965	8,820
Facilities rental	2,291	-
	659,409	545,218
EXPENDITURES		
Management contract	74,250	85,050
Snowmaking		
Electricity	84,839	84,954
Labour services	22,984	33,220
Equipment maintenance	12,482	76,532
Water intake study	873	-
Snowgun rental	10,500	11,318
Vehicle operating		
Repairs	6,447	20,771
Rental	-	2,212
Fuel	38,921	31,249
Lift repairs	69,746	49,951
Maintenance		
Equipment	2,871	-
Building	27,517	26,099
Slopes	5,016	12,461
Labour services	242,776	234,463
Heating and electricity	80,697	83,994
Insurance	108,689	69,745
Ski patrol	61,883	50,424
Supplies	20,997	18,600
Municipal fees	17,503	18,164
Interest and bank charges	16,809	13,030
Security	479	9,207
Children's centre	9,056	8,708
Miscellaneous	12,278	7,805
Snowclearing	7,295	7,017
Communications	10,617	5,928
Uniforms	1,898	5,399
Special Events	11,203	-
	958,626	966,301
EXCESS OF EXPENDITURES OVER REVENUE	(299,217)	(421,083)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE II

STATEMENT OF REVENUE AND EXPENDITURES - RENTAL AND REPAIR SHOP

For the year ended April 30, 2003

	2003	2002
	$	$
REVENUE	155,818	126,255
EXPENDITURES		
Labour services	47,115	49,883
Supplies	3,296	2,827
Miscellaneous	1,803	1,132
Communications	480	808
Equipment rental	9,222	9,222
	61,916	63,872
EXCESS OF REVENUE OVER EXPENDITURES	93,902	62,383

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE III

STATEMENT OF REVENUE AND EXPENDITURES - CAFETERIA

For the year ended April 30, 2003

	2003	2002
	$	$
SALES	259,713	83,722
COST OF SALES	133,435	8,747
GROSS PROFIT	126,278	74,975
EXPENDITURES		
Special events	-	36,701
Repairs and maintenance	2,317	3,801
Miscellaneous	2,086	387
Supplies	10,229	366
Communications	476	70
Labour services	67,192	38
	82,300	41,363
EXCESS OF REVENUE OVER EXPENDITURES	43,978	33,612

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE IV
STATEMENT OF REVENUE AND EXPENDITURES - BAR
For the year ended April 30, 2003

	2003	2002
	$	$
REVENUE	163,222	43,109
COST OF SALES	62,269	5,000
GROSS PROFIT	100,953	38,109
EXPENDITURES		
Entertainment	17,800	5,999
Repairs and maintenance	1,125	1,261
Promotions	8,280	466
Labour services	25,590	203
Communications	297	163
Security	4,330	-
Accommodations - bands	1,150	-
Special events	3,803	-
Supplies	500	-
Licenses and fees	1,305	-
Miscellaneous	99	(10)
	64,279	8,082
EXCESS OF REVENUE OVER EXPENDITURES	36,674	30,027

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE V
STATEMENT OF REVENUE AND EXPENDITURES - SKI SCHOOL
For the year ended April 30, 2003

	2003	2002
	$	$
REVENUE	115,792	102,859
EXPENDITURES		
Labour services	58,540	56,836
Uniforms	5,495	5,495
Training	3,398	3,165
Advertising	937	1,437
Supplies	154	1,073
Miscellaneous	603	827
Krunchers Club	3,516	710
Communications	395	511
UK Expenses	3,255	-
	76,293	70,054
EXCESS OF REVENUE OVER EXPENDITURES	39,499	32,805

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE VI
STATEMENT OF REVEN [illegible]
For the year ended April 30, 2003

	2003	2002
	$	$
REVENUE	105,458	135,497
COST OF SALES	11,012	10,372
GROSS PROFIT	94,446	125,125
EXPENDITURES		
Catering services	69,142	89,808
Labour services	17,518	18,310
Accommodations - Snowjob	-	14,211
Entertainment	-	7,074
Heat and light	-	3,069
Advertising	-	2,593
Supplies	4,172	2,423
Miscellaneous	2,346	601
Security	-	100
Communications	144	-
	93,322	138,189
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	1,124	(13,064)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE VII

STATEMENT OF REVENUE AND EXPENDITURES - MARKETING

For the year ended April 30, 2003

	2003	2002
	$	$
REVENUE	56,139	33,991
EXPENDITURES		
Advertising		
Television	73,323	85,380
Print	33,000	54,709
Radio	34,369	31,021
Internet	1,950	6,730
Cinema	15,200	-
Arena	15,308	-
Partnership	1,400	-
Atlantic Marketing Initiatives	5,723	13,393
UK/International marketing	805	8,767
Labour services	35	7,261
Communications	3,775	3,135
Complementary Villa Rooms	7,361	2,198
Membership fees	158	1,747
Travel and meetings	12	1,556
Promotions	-	1,490
Brochures	24,947	-
Ski shows and familiarization tours	1,606	840
Equipment rental	-	998
Office and postage	377	588
Supplies	119	287
	219,468	220,100
EXCESS OF EXPENDITURES OVER REVENUE	(163,329)	(186,109)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE VIII

STATEMENT OF REVENUE AND EXPENDITURES - MARBLE VILLA OPERATIONS

For the year ended April 30, 2003

	2003	2002
	$	$
REVENUE		
Rental revenue	256,803	214,609
EXPENDITURES		
Housekeeping	21,740	30,456
Heat and light	27,810	26,147
Repairs and maintenance	9,770	20,328
Labour services	19,262	35,944
Security	5,570	12,735
Common area expense	8,400	8,400
Insurance	6,480	5,191
Communications	6,105	4,961
Cable television	3,869	3,391
Supplies	5,383	3,142
Interest and bank charges	1,144	3,019
Travel	458	1,584
Marketing	981	1,548
Miscellaneous	1,393	1,019
Start-up costs	-	249
Office and postage	-	41
Administration	1,002	-
	119,367	158,155
EXCESS OF REVENUE OVER EXPENDITURES	137,436	56,454

MARBLE MOUNTAIN MANAGEMENT CORPORATION

AUDITED FINANCIAL STATEMENTS

April 30, 2003

SQUIRE & HYNES
Chartered Accountants

57 Park Street, P.O. Box 248
Corner Brook, Newfoundland, A2H 6C9
Tel. (709) 634-8256 Fax (709) 639-1647 email accountants@squirehynes.ca

AUDITORS' REPORT

To the Directors of
Marble Mountain Management Corporation

We have audited the balance sheet of Marble Mountain Management Corporation as at April 30, 2003 and the statements of revenue, expenditures and deficit and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at April 30, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures were audited by another firm of Chartered Accountants.

June 20, 2003

Squire & Hynes

Richard C. Squire, C.A., C.B.V.
Kenneth L. Hynes, C.A.

MARBLE MOUNTAIN MANAGEMENT CORPORATION

BALANCE SHEET
As at April 30, 2003

	2003	2002
ASSETS	$	$
CURRENT ASSETS		
Cash	559	-
PROPERTY, PLANT AND EQUIPMENT (note 1)	-	8,810
	559	8,810
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness	-	2,969
Accounts payable and accrued liabilities (note 2)	191,338	196,620
	191,338	199,589
SHAREHOLDER'S EQUITY		
SHARE CAPITAL (note 3)		
Authorized and issued		
500 Common shares	1	1
DEFICIT	(190,780)	(190,780)
	(190,779)	(190,779)
	559	8,870

On behalf of the Board:

Director

Director

MARBLE MOUNTAIN MANAGEMENT CORPORATION

STATEMENT OF REVENUE, EXPENDITURES AND DEFICIT
For the year ended April 30, 2003

	2003	2002
	$	$
REVENUE		
Labour services	396,009	396,706
Other income	8,810	9,010
Interest income	94	63
	404,913	405,779
EXPENDITURES		
Wages and benefits	395,950	395,774
Amortization	8,810	9,010
Interest and bank charges	153	995
	404,913	405,779
EXCESS OF REVENUE OVER EXPENDITURES	-	-
Deficit at beginning of year	(190,780)	(190,780)
DEFICIT AT END OF YEAR	(190,780)	(190,780)

MARBLE MOUNTAIN MANAGEMENT CORPORATION

STATEMENT OF CASH FLOWS
For the year ended April 30, 2003

	2003	2002
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	404,818	405,716
Cash paid to suppliers and employees	(395,949)	(395,776)
Interest received	94	63
Interest paid	(153)	(995)
	8,810	9,008
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in payable to Marble Mountain Development Corporation	(5,282)	(12,019)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,528	(3,011)
Cash and cash equivalents at beginning of year (note)	(2,969)	42
CASH AND CASH EQUIVALENTS AT END OF YEAR (note)	559	(2,969)

Note to the statement of cash flows

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments. Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

	2003	2002
	$	$
Cash	559	-
Bank indebtedness	-	(2,969)
	559	(2,969)

MARBLE MOUNTAIN MANAGEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2003

GENERAL

The Corporation is incorporated under the *Corporations Act* of Newfoundland and Labrador. The Province of Newfoundland and Labrador holds 100% of the issued common shares.

The principal activity of the Corporation is providing labour services for Marble Mountain Development Corporation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment purchased by the Corporation are stated at cost. Amortization of property, plant and equipment is provided on the straight-line basis using the following annual rates:

Uniforms and ski suits	33.33% - 50%
Rental and demo equipment	20%
Other equipment	25%

Government assistance and other contributions

Government grants related to operations are recorded as revenues in the year to which they pertain.

Accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses reported during the reporting period.

1. PROPERTY, PLANT AND EQUIPMENT

	2003			2002
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Uniforms and ski suits	29,207	29,207	-	-
Ski equipment – demo	7,748	7,748	-	1,537
Ski equipment – rental	36,363	36,363	-	7,273
Other equipment	750	750	-	-
	74,068	74,068	-	8,810

2. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2003	2002
	$	$
Marble Mountain Development Corporation (note 5)	191,338	196,620

3. SHARE CAPITAL

The Province of Newfoundland and Labrador holds 100% of the issued common shares of the Corporation.

4. INCOME TAXES

The Corporation is wholly owned by the Province of Newfoundland and Labrador and as such is exempt from income taxes under the Income Tax Act, Canada.

5. RELATED PARTY TRANSACTIONS

As at April 30, 2003 the Corporation owed $191,338 to Marble Mountain Development Corporation. This payable related to the balances outstanding as a result of labour services provided, grant reallocations, equipment rental and transfer of operating assets.

6. FINANCIAL INSTRUMENTS

The company's financial instruments consist of cash, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the entity is not exposed to significant interest, currency or credit risks from these financial instruments. The fair values of these financial instruments approximates their carrying values, unless otherwise noted.

7. COMPARATIVE FIGURES

Certain 2002 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2003.

MULTI-MATERIALS STEWARDSHIP BOARD

FINANCIAL STATEMENTS

MARCH 31, 2003

Financial Statements

MULTI-MATERIALS STEWARDSHIP BOARD NON-CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT

To the Members of the
Multi-Materials Stewardship Board

We have audited the non-consolidated statement of financial position of the Multi-Materials Stewardship Board as at March 31, 2003, and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended. These non-consolidated financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the non-consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the non-consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2003, and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies as described in note 2 to the non-consolidated financial statements, which include accounting for the Waste Management Trust Fund on an equity basis rather than on a consolidated basis.

St. John's, Newfoundland
May 23, 2003

Grant Thornton LLP

ancial Statements

MULTI-MATERIALS STEWARDSHIP BOARD
NON-CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended March 31

	2003			2002
	Used Beverage Container Recycling Program	Used Tire Recycling Program	**Total**	Total
Revenue				
Gross revenue from deposits (Note 1b)	$14,726,763	$1,263,795	**$15,990,558**	$1,581,692
Less: Harmonized Sales Tax	182,435	–	**182,435**	362,982
	14,544,328	1,263,795	**15,808,123**	1,218,710
By-product revenue	1,659,287	–	**1,659,287**	376,642
	16,203,615	1,263,795	**17,467,410**	1,595,352
Cost of sales				
Deposits refunded	5,640,790	–	**5,640,790**	1,098,686
Handling fees	3,439,046	–	**3,439,046**	712,408
Regional processing	1,612,180	–	**1,612,180**	447,996
Freight and transportation	954,342	409,950	**1,364,292**	215,935
Depot fees	200,245	–	**200,245**	55,125
Storage	–	10,364	**10,364**	–
	11,846,603	420,314	**12,266,917**	2,530,150
Income (loss) before administrative expenses and other activities	4,357,012	843,481	**5,200,493**	(934,798)
Administrative expenses (Page 22)	1,579,574	189,136	**1,768,710**	1,165,316
Income (loss) before other activities	$2,777,438	$654,345	**3,431,783**	(2,100,114)

Other activities		
Newfoundland Beverage Recovery Inc.		
Allocation from appropriated surplus	**8,438,243**	763,330
Contribution to marketing and communications	**-**	554,117
Excess of revenue over expenses (expenses over revenue) of the Waste Management Trust Fund	**1,835,830**	(2,403,341)
Interest and sundry income	**142,086**	9,862
	10,416,159	(1,076,032)
Excess of revenue over expenses (expenses over revenue)	**$13,847,942**	$(3,176,146)

MULTI-MATERIALS STEWARDSHIP BOARD
NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Year Ended March 31

			2003	2002
	Invested in Capital Assets	Unrestricted	**Total**	Total
Net assets (deficiency), beginning of year				
As previously reported	$280,795	$(912,002)	**$(631,207)**	$141,598
Adjustment of prior years (Note 6)	-	1,318,284	**1,318,284**	3,721,625
As restated	280,795	406,282	**687,077**	3,863,223
Excess of revenue over expenses (expenses over revenue)	(104,830)	13,952,772	**13,847,942**	(3,176,146)
Allocation to Waste Management Trust Fund	-	(3,000,000)	**(3,000,000)**	-
Investment in capital assets	186,984	(186,984)	**-**	-
Net assets, end of year	$362,949	$11,172,070	**$11,535,019**	$687,077

nancial Statements

MULTI-MATERIALS STEWARDSHIP BOARD
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31	2003	2002
Assets		
Current		
Cash and cash equivalents	**$8,133,438**	$1,098,017
Receivables (Note 3)	**1,379,167**	1,945,415
Inventories	**88,450**	–
Prepaids	**62,332**	57,094
	9,663,387	3,100,526
Investment in Waste Management Trust Fund, at equity	**3,154,114**	1,318,284
Property and equipment (Note 4)	**362,949**	280,795
	$13,180,450	$4,699,605
Liabilities		
Current		
Payables and accruals (Note 5)	**$209,157**	$2,811,357
Unearned revenue (Note 2h)	**1,301,274**	1,201,171
	1,510,431	4,012,528
Performance bonds payable	**135,000**	–
	1,645,431	4,012,528
Net Assets		
Net assets invested in capital assets	**362,949**	280,795
Unrestricted net assets	**11,172,070**	406,282
	11,535,019	687,077
	$13,180,450	$4,699,605

Commitments (Note 8)

On behalf of the Board

Chair

H Potter Treasurer

Financial Statements

MULTI-MATERIALS STEWARDSHIP BOARD
NON-CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended March 31

	2003	2002
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenses (expenses over revenue)	**$13,847,942**	$(3,176,146)
Excess of (revenue over expenses) expenses over revenue of Waste Management Trust Fund	**(1,835,830)**	2,403,341
Depreciation	**104,830**	12,584
	12,116,942	(760,221)
Change in non-cash operating working capital (Note 7)	**(2,029,537)**	1,876,799
	10,087,405	1,116,578
Financing		
Performance bonds payable	**135,000**	–
Investing		
Purchase of property and equipment	**(186,984)**	(251,769)
Allocation to Waste Management Trust Fund	**(3,000,000)**	–
	(3,186,984)	(251,769)
Net increase in cash and cash equivalents	**7,035,421**	864,809
Cash and cash equivalents		
Beginning of year	**1,098,017**	233,208
End of year	**$8,133,438**	$1,098,017

MULTI-MATERIALS STEWARDSHIP BOARD
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2003

1. Nature of operations

a) The Multi-Materials Stewardship Board is a statutory corporation established pursuant to The Environmental Protection Act. This Board manages the Used Beverage Container Deposit Refund System, the Used Tire Recycling Program and the Waste Management Trust Fund in the Province of Newfoundland and Labrador and is mandated to support and promote the protection, enhancement and wise use of the environment through waste management programs.

The corporation is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act.

A separate entity, Newfoundland Beverage Recovery Inc., was contracted to January 14, 2002 by the Multi-Materials Stewardship Board to manage the Used Beverage Container Deposit Refund System in accordance with the Board's authority under the Waste Management Regulations. From January 1 to March 31, 2002, the Used Beverage Container Deposit Refund System was transitioned from Newfoundland Beverage Recovery Inc. to the Multi-Materials Stewardship Board.

b) The Multi-Materials Stewardship Board's financial statements for March 31, 2002, include gross revenue from deposits and cost of sales amounts from January 1, 2002 to March 31, 2002. Prior to January 31, 2002, these amounts were reported by Newfoundland Beverage Recovery Inc.

2. Summary of significant accounting policies

(a) Investments

These financial statements have been prepared on the basis of accounting for the investment in the Waste Management Trust Fund using the equity method instead of on a consolidated basis. Non-consolidated financial statements are appropriate as they are required to be filed with the Board's corporate information tax return. Consolidated financial statements have also been prepared for the Board. As these financial statements have not been prepared for general purposes, some users may require further information.

(b) Fund accounting

Fund accounting is generally accepted as the basis of accounting for public sector organizations. A summary of significant accounting policies relating to fund accounting is as follows:

(i) capital assets are recorded at cost;
(ii) capital additions financed from the unrestricted funds are included in the net assets invested in capital assets account; and
(iii) depreciation of capital assets is included in the net assets invested in capital assets account.

(c) Use of estimates

In preparing the Board's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of one year or less.

(e) Revenue recognition

Deposit revenue is recognized when remittances are collected plus an estimated accrual based on subsequent receipts.

By-product revenue is recognized upon shipment and when all significant contractual obligations have been satisfied and collection is reasonably assured.

Other income is recognized as earned.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value.

(g) Depreciation

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Leasehold improvements	20%, straight line
Office furniture and equipment	20%, declining balance
Computer hardware	30%, declining balance
Computer software	30%, declining balance
Bags and tubs	30%, declining balance
Vehicle	30%, declining balance

(h) Unearned revenue

Unearned revenue consists of deposits on containers yet to be returned for redemption and recycling. The amount recorded by the Board as unearned revenue consists of sixty days of deposits received from distributors, adjusted by an estimated recovery rate of 68% (March 31, 2002 – 64%).

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3. Receivables	**2003**	2002
Deposits	**$1,245,267**	$1,739,903
Trade and other	**133,900**	205,512
	$1,379,167	$1,945,415

4. Property and equipment			**2003**	2002
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Leasehold Improvements	$13,670	$4,906	**$8,764**	$6,191
Office furniture and equipment	40,784	21,202	**19,582**	18,598
Computer software	130,967	40,205	**90,762**	128,446
Computer hardware	166,497	59,589	**106,908**	127,560
Bags and tubs	131,116	14,662	**116,454**	–
Vehicle	24,093	3,614	**20,479**	–
	$507,127	$144,178	**$362,949**	$280,795

5. Payables and accruals	**2003**	2002
Trade payables and accruals	**$209,157**	$475,110
Newfoundland Beverage Recovery Inc.	**–**	2,336,247
	$209,157	$2,811,357

6. Adjustment of prior years

Net assets (deficiency) at April 1, 2002, has been adjusted by $1,318,284, resulting from the retroactive restatement of the 2002 and prior years figures to record the Board's equity in the Multi-Materials Stewardship Board – Waste Management Trust Fund.

Excess of revenue over expenses of $3,721,625 is applicable to years prior to April 1, 2002, and net assets (deficiency) at that date has been adjusted accordingly. The balance, which is excess of expenses over revenue of $2,403,341, has been recorded in the 2002 figures.

7. Supplemental cash flow information

Change in non-cash operating working capital	**2003**	2002
Receivables	**$566,248**	$(1,751,845)
Inventories	**(88,450)**	–
Prepaids	**(5,238)**	(40,930)
Payables and accruals	**(2,602,201)**	2,732,012
Unearned revenue	**100,104**	1,201,171
Deferred revenue	**–**	(263,609)
	$(2,029,537)	$1,876,799

8. Commitments

The Board is committed to the following minimum annual rent payments for office space for the next three years: 2004 - $132,118; 2005 - $126,778; and 2006 - $90,195.

The Board is committed to the following minimum annual lease payments for equipment for the next three years: 2004 - $8,211; 2005 - $2,870; and 2006 - $808.

The Board has entered into an agreement for used tire recycling services to November, 2007, and an agreement for processing and transportation of beverage containers to January, 2004.

9. Related party transactions

Administrative expenses are net of expense recoveries from the Multi-Materials Stewardship Board – Waste Management Trust Fund of $134,592 (2002- $98,844).

Other related party transactions and balances are reported in the Statement of Operations and Note 5.

10. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

11. Comparative figures

Certain of the comparative figures for 2002 have been reclassified to conform with the financial statement presentation adopted for the current year.

MULTI-MATERIALS STEWARDSHIP BOARD

NON-CONSOLIDATED SCHEDULE OF ADMINISTRATIVE EXPENSES

Year Ended March 31

		2003		2002
	Used Beverage Container Recycling Program	Used Tire Recycling Program	**Total**	Total
Advertising	$34,338		**$34,338**	$10,820
Depreciation	104,830		**104,830**	12,584
Directors' remuneration	12,468	$7,981	**20,449**	10,581
Dues, licences and education	13,953	–	**13,953**	4,666
Equipment rental	13,276	4,688	**17,964**	9,535
Insurance	6,367	1,192	**7,559**	3,512
Interest and bank charges	5,572	461	**6,033**	1,171
Marketing and communications	594,747	90,878	**685,625**	587,186
Meetings and entertainment	3,460	1,836	**5,296**	30,425
Miscellaneous	3,633	556	**4,189**	2,289
Professional fees	83,629	4,049	**87,678**	44,704
Rent	43,664	11,000	**54,664**	51,307
Repairs and maintenance	11,912	–	**11,912**	–
Rocaps supplies	56,737	–	**56,737**	–
Stationery and office supplies	19,810	2,103	**21,913**	11,282
Sponsorship	6,447	–	**6,447**	–
Telecommunications	19,371	916	**20,287**	9,096
Travel – Board and staff	50,823	5,961	**56,784**	40,540
Vehicle operating	1,320	2,859	**4,179**	2,797
Wages and benefits	493,217	54,656	**547,873**	332,821
	$1,579,574	$189,136	**$1,768,710**	$1,165,316

MULTI-MATERIALS STEWARDSHIP BOARD

WASTE MANAGEMENT TRUST FUND

FINANCIAL STATEMENTS

MARCH 31, 2003

Financial Statements

MULTI-MATERIALS STEWARDSHIP BOARD
WASTE MANAGEMENT TRUST FUND

AUDITORS' REPORT

To the **Multi-Materials Stewardship Board**

We have audited the statement of financial position of the **Multi-Materials Stewardship Board - Waste Management Trust Fund** as at March 31, 2003, and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Waste Management Trust Fund as at March 31, 2003, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, Newfoundland
May 23, 2003

Grant Thornton LLP

nancial Statements

MULTI-MATERIALS STEWARDSHIP BOARD
WASTE MANAGEMENT TRUST FUND
STATEMENT OF OPERATIONS
Year Ended March 31

	2003	2002
Revenue		
Allocation from appropriated surplus of Multi-Materials Stewardship Board	**$3,000,000**	–
Interest income	**100,298**	$127,133
	3,100,298	127,133
Grant disbursements (recoveries)		
Round 1		
Category One – recycling programs	**(7,271)**	(7,332)
Category Two – waste management systems	**(277,413)**	(10,321)
Category Three – education and awareness	**–**	(3,794)
Category Four – clean ups	**(5,283)**	(9,019)
	(289,967)	(30,466)
Round 2		
Category One – recycling programs	**117,908**	350,863
Category Two – waste management systems	**79,992**	1,243,995
Category Three – education and awareness	**92,104**	228,922
Category Four – cleanups, education and awareness	**10,297**	134,287
Category Five – government/board initiatives	**10,257**	366,450
Category Six – new waste management technologies	**–**	125,000
	310,558	2,449,517
Round 3		
Category One – recycling programs	**290,315**	–
Category Two – waste management systems	**296,795**	–
Category Three – regional coordinators	**70,000**	–
Category Four – education and awareness	**9,600**	–
Category Five – government/board initiatives	**435,000**	–
Public education and awareness – waste management strategy	**3,497**	–
	1,105,207	–
Total grant disbursements	**1,125,798**	2,419,051
Administration expenses (page 8)	**138,670**	111,423
Excess of revenue over expenses (expenses over revenue)	**$1,835,830**	$(2,403,341)

Financial Statements

MULTI-MATERIALS STEWARDSHIP BOARD
WASTE MANAGEMENT TRUST FUND
STATEMENT OF CHANGES IN NET ASSETS
Year Ended March 31

			2003	2002
	Invested in Capital Assets	Unrestricted	**Total**	Total
Net assets, beginning of year	$5,956	1,312,328	**$1,318,284**	$3,721,625
Excess of revenue over expenses (expenses over revenue)	(1,915)	1,837,745	**1,835,830**	(2,403,341)
Investment in capital assets	2,052	(2,052)	-	-
Net assets, end of year	$6,093	$3,148,021	**$3,154,114**	$1,318,284

MULTI-MATERIALS STEWARDSHIP BOARD
WASTE MANAGEMENT TRUST FUND
STATEMENT OF FINANCIAL POSITION
March 31

	2003	2002
Assets		
Current		
Cash and cash equivalents	**$4,218,781**	$2,575,257
Receivables	**25,936**	236
Accrued interest receivable	**9,219**	4,311
	4,253,936	2,579,804
Furniture and equipment (Note 3)	**6,094**	5,956
	$4,260,030	$2,585,760

nancial Statements

Liabilities		
Current		
Grants payable		
Round 1	**$37,501**	$313,474
Round 2	**386,131**	887,844
Round 3	**517,011**	–
Payables and accruals	**165,273**	66,158
	1,105,916	1,267,476
Net Assets		
Net assets invested in capital assets	**6,093**	5,956
Unrestricted net assets	**3,148,021**	1,312,328
	3,154,114	1,318,284
	$4,260,030	$2,585,760

On behalf of the Board

Chair

H Potter Treasurer

MULTI-MATERIALS STEWARDSHIP BOARD
WASTE MANAGEMENT TRUST FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

	2003	2002
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenses (expenses over revenue)	**$1,835,830**	$(2,403,341)
Depreciation	**1,915**	1,877
	1,837,745	(2,401,464)
Change in non-cash operating working capital (Note 4)	**(192,169)**	378,810
	1,645,576	(2,022,654)

Investing		
Purchase of furniture and equipment	**(2,052)**	(1,653)
Net increase (decrease) in cash and cash equivalents	**1,643,524**	(2,024,307)
Cash and cash equivalents		
Beginning of year	**2,575,257**	4,599,564
End of year	**$4,218,781**	$2,575,257

MULTI-MATERIALS STEWARDSHIP BOARD
WASTE MANAGEMENT TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2003

1. Nature of operations

The Multi-Materials Stewardship Board - Waste Management Trust Fund was established by the Provincial Government of Newfoundland and Labrador in 1999. The Fund is managed by the Multi-Materials Stewardship Board and is to be used for the purpose of supporting waste management initiatives as outlined in the Waste Management Regulations, Section 10.

2. Summary of significant accounting policies

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Fund accounting

Fund accounting is generally accepted as the basis of accounting for public sector organizations. A summary of significant accounting policies relating to fund accounting is as follows:

(i) capital assets are recorded at cost;
(ii) capital additions financed from the unrestricted funds are included in the net assets invested in capital assets account; and
(iii) depreciation of capital assets is included in the net assets invested in capital assets account.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balance with banks and short term deposits with original maturities of one year or less.

Depreciation

Rates of depreciation applied on the declining balance basis to write-off the cost of furniture and equipment over their estimated lives are as follows:

Office furniture and equipment	20%
Computer hardware	30%
Computer software	30%

3. Furniture and equipment

			2003	2002
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Office furniture and equipment	$2,971	$1,530	**$1,441**	$1,801
Computer hardware	8,442	4,206	**4,236**	4,155
Computer software	491	74	**417**	–
	$11,904	$5,810	**$6,094**	$5,956

4. Supplemental cash flow information

Change in non-cash operating working capital	**2003**	2002
Receivables	**$(25,700)**	$7,342
Accrued interest receivable	**(4,908)**	15,226
Grants payable	**(260,675)**	366,650
Payables and accruals	**99,114**	(10,408)
	$(192,169)	$378,810

5. Related party transactions

Administrative expenses include charges of $134,592 (2002 – $98,844) from the Multi-Materials Stewardship Board.

6. Financial instruments

Fair values of financial instruments are disclosed in the notes to financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their values.

7. Comparative Figures

Certain of the comparative figures for 2002 have been reclassified to conform with the financial statement presentation adopted for the current year.

MULTI-MATERIALS STEWARDSHIP BOARD
WASTE MANAGEMENT TRUST FUND
SCHEDULE OF ADMINISTRATIVE EXPENSES
Year Ended March 31

	2003	2002
Advertising	**$378**	$5,785
Depreciation	**1,915**	1,877
Directors' remuneration	**12,486**	5,192
Equipment rental	**2,594**	2,407
Miscellaneous	**72**	-
Professional fees	**5,891**	2,929
Rent	**12,347**	12,200
Stationery and office supplies	**10,500**	4,942
Telecommunications	**1,328**	1,323
Travel	**16,070**	7,061
Vehicle operating	**2,548**	7
Wages and benefits	**72,541**	67,700
	$138,670	$111,423

MUNICIPAL ASSESSMENT AGENCY INC.

FINANCIAL STATEMENTS

Year ended March 31, 2003

MORGAN & ASSOCIATES

Chartered Accountant
Suite 901, TD Place, 140 Water Street
St. John's, NF A1C 6H6
Office: (709) 576-6776
Fax: (709) 576-6777

AUDITORS' REPORT

To the Shareholder of
Municipal Assessment Agency Inc.

We have audited the balance sheet of Municipal Assessment Agency Inc. as at March 31, 2003 and the statements of revenue, expenses and equity and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
May 16, 2003

CHARTERED ACCOUNTANTS

MUNICIPAL ASSESSMENT AGENCY INC.

BALANCE SHEET

AS AT MARCH 31, 2003

ASSETS

	2003	2002
CURRENT		
Cash	$ 878,175	$ 908,613
Accounts receivable (note 2)	178,148	281,145
Prepaid expenses	67,431	54,230
	1,123,754	1,243,988
Long-term receivables (note 3)	45,921	52,448
Severance reserve fund (note 4)	614,583	554,394
Capital assets (note 5)	486,608	609,224
	$ 2,270,866	$ 2,460,054

LIABILITIES AND SHAREHOLDER'S EQUITY

	2003	2002
CURRENT		
Accounts payable and accrued liabilities	$ 82,169	$ 59,300
Accrued vacation pay (note 6)	169,403	153,910
Deferred contributions - operating (note 7)	6,270	-
	257,842	213,210
Accrued severance pay (note 6)	614,177	554,394
Deferred contributions - capital (note 8)	153,551	215,639
	1,025,570	983,243

SHAREHOLDER'S EQUITY

	2003	2002
Capital		
Authorized and issued		
1 Common share	1	1
Equity from operations	1,245,295	1,476,810
	1,245,296	1,476,811
	$ 2,270,866	$ 2,460,054

Commitments and contingencies (note 6)

On behalf of the board:

Fred Best

See Accompanying Notes to Financial Statements

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF REVENUES, EXPENSES AND EQUITY

FOR THE YEAR ENDED MARCH 31, 2003

	2003	2002
REVENUES:		
Assessment services	$3,787,285	$3,721,170
Valuation revenue	4,643	43,283
Interest revenue	41,322	57,300
Other revenue	11,418	-
	3,844,668	3,821,753
EXPENSES:		
Salaries	2,459,718	2,252,373
Benefits	423,699	373,025
Travel	278,633	262,788
Information technology	218,052	190,001
Premises and equipment lease	181,113	175,051
Postage and courier	87,865	18,290
Telephone	50,876	58,990
Professional fees	45,225	36,199
Office supplies	41,360	39,472
Printing	29,153	23,254
Advertising and public relations	28,404	20,883
Staff training	15,233	11,485
Insurance	10,973	8,831
Payroll processing	5,282	5,179
Bank charges	807	544
Bad debt	-	49,796
	3,876,393	3,526,161
Excess of revenues over expenses (expenses over revenue) before the following	(31,725)	295,592
Provision for severance and vacation pay (note 6)	75,276	72,321
Amortization of deferred contributions (note 8)	(62,088)	(87,767)
Amortization of capital assets	186,602	236,104
Excess of revenues over expenses (expenses over revenue)	(231,515)	74,934
Equity from operations, beginning of year	1,476,810	1,401,876
Equity from operations, end of year	$1,245,295	$1,476,810

See Accompanying Notes to Financial Statements

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2003

	2003	2002
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	$ (231,515)	$ 74,935
Items not affecting cash:		
Amortization of capital assets	186,602	236,104
Amortization of deferred contributions	(62,088)	(87,767)
Increase (decrease) in long-term receivable	6,527	(52,448)
Increase in severance pay accrual	59,783	57,446
Increase in vacation pay accrual	15,493	14,875
Increase in deferred contributions - operating	6,270	-
Net change in non-cash working capital balance	112,665	(20,266)
Cash provided by operating activities	93,737	222,879
Investing activities:		
Purchase of capital assets	(63,986)	(81,157)
Increase in cash position	29,751	141,722
Cash position, beginning of year	1,463,007	1,321,285
Cash position, end of year	$ 1,492,758	$ 1,463,007
Cash is represented by:		
Operating cash	$ 878,175	$ 908,613
Severance reserve fund	614,583	554,394
	$ 1,492,758	$ 1,463,007

See Accompanying Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

General:

Effective April 2, 1997, the Municipal Assessment Agency Inc. (the "Corporation") was incorporated under the laws of the Province of Newfoundland and Labrador to carry out assessment services for various municipalities throughout the Province of Newfoundland and Labrador pursuant to the Assessment Act. Prior to this date, these services were performed by the Department of Municipal and Provincial Affairs, Government of Newfoundland and Labrador (the "Department").

The Corporation has one common share with a par value of $1.00 issued to the Minister of Municipal and Provincial Affairs, Government of Newfoundland and Labrador.

The Corporation is a crown corporation and, accordingly, is exempt from income taxes under Subsection 149(1)(d) of the Income Tax Act.

1. Summary of significant accounting policies:

The financial statements of the Corporation have been prepared within the framework of generally accepted accounting principles which require the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Corporation are as follows:

(a) Capital assets

Capital assets are purchased by the Corporation are recorded at cost. Amortization is recorded on a declining balance basis over the assets estimated useful lives at the following rates:

Furniture and equipment	20%
Computer hardware and software	30%
Integrated assessment system	30%

The Corporation is currently using furniture, equipment and computers provided by the Department. As title to these assets have not been transferred to the Corporation, they have not been recorded in the accounts.

(b) Revenue recognition

Government assistance related to acquisition of capital assets is deferred and amortized to income on the same basis as the related capital assets are amortized.

Revenue for the provision of assessment and valuation services is recognized when the services are rendered.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

1. Summary of significant accounting policies (continued):

(c) Accrued severance pay

Severance pay is accounted for on an accrued basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continued service and accrues to a maximum of twenty years and, accordingly, no provision has been made in the accounts for employees with less than nine years of continued service. The amount is payable when the employee ceases employment with the Corporation. The cash amount of the accrued severance pay is segregated into a severance reserve fund.

(d) Redundancy pay

Redundancy pay is recognized as a liability when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated.

2. Accounts receivable:

	2003	2002
Trade receivables	$ 236,489	$ 361,818
Accrued interest	3,110	2,045
HST recoverable	13,024	21,544
Allowance for doubtful accounts	(74,475)	(104,262)
	$ 178,148	$ 281,145

3. Long-term receivable

The Agency has entered into a contract with several of its customers to receive payment on the outstanding amounts over a period from two to four years, provided all future fees are paid on a current basis.

4. Severance reserve fund:

The Corporation has segregated funds for the accrued severance pay liability. The segregated funds are held in an interest bearing account at prime less 2%. The Corporation has internally restricted these funds to be used to pay any accrued severance and not to be used in normal business operations.

5. Capital assets:

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	$ 277,244	$ 171,719	$ 105,525	$ 103,663
Furniture and equipment	111,707	55,828	55,879	47,849
Integrated assessment system	1,101,632	776,428	325,204	457,712
	$ 1,490,583	$ 1,003,975	$ 486,608	$ 609,224

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

6. Severance and vacation pay:

As at the time of incorporation, the Corporation assumed liabilities for severance pay, vacation and accrued overtime associated with employees transferred to the Corporation resulting in an opening deficit in the amount of $366,950. During fiscal 2001, an agreement was reached with the province to fund this liability by a payment of $160,000, which represented the present value of the liability as calculated by management.

The provision for severance and vacation pay consists of the following:

Severance pay	2003	2002
Opening balance	$ 554,394	$ 496,948
Provision for severance pay	59,783	57,446
Closing balance	$ 614,177	$ 554,394

Vacation pay	2003	2002
Opening balance	$ 153,910	$ 139,035
Provision for vacation pay	15,493	14,875
Closing balance	$ 169,403	$ 153,910

7. Deferred Contributions Operating:

To defer credits under a long term service contract and recognize as revenue of the next three year life of the contract.

8. Deferred Contributions - Capital:

The Corporation received Government funding in prior years that was deferred for future operating expenses and capital expenditures. During the year, the Corporation recognized the following deferred contributions.

	2003	2002
Opening balance	$ 215,639	$ 303,406
Capital contribution recognized	62,088	87,767
Closing balance	$ 153,551	$ 215,639

Province of Newfoundland and Labrador

Public Accounts
Volume IV (N - Z)

Financial Statements of Crown Corporations, Boards and Authorities

For The Year Ended
31 March 2003

Province of Newfoundland and Labrador

Public Accounts

Volume IV (N - Z)

Financial Statements of Crown Corporations, Boards and Authorities

For The Year Ended 31 March 2003

PRINTED UNDER AUTHORITY OF THE HOUSE OF ASSEMBLY

INTRODUCTION

The reproduction of the available financial statements of Crown Corporations, Boards and Authorities are presented through the publication of the Public Accounts, Volume IV. This Volume is produced alphabetically in two books, A to M and N to Z. The fiscal years noted in the table of contents are based on the fiscal year end of the organization.

The Public Accounts for the year ended 31 March 2003 consists of three other volumes:

Volume I – Consolidated Summary Financial Statements presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are owned or controlled by, and accountable to, the Government of Newfoundland and Labrador.

Volume II – Consolidated Revenue Fund Financial Statements presents the financial position of the Fund and the results of its activities.

Volume III – Consolidated Revenue Fund Supplementary Statements and Schedules presents the unaudited summary statements, detailed departmental statements, schedules and notes of the Fund and are prepared on a basis consistent with the Estimates of the Province.

The Public Accounts of the Province are tabled in the House of Assembly in accordance with Section 60 of the *Financial Administration Act*.

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NAME	**Year**
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Health Care Corporation of St. John's	2003
Provincial Perinatal Program	2003
Public Health Laboratory	2003

NEWCO IV CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2000

NKHK
CHARTERED
ACCOUNTANTS

Suite 901, 516 Topsail Rd., St. John's, Nfld. A1E 9C5
Tel (709) 364•5600 Fax (709) 368 • 2146 E-mail info@nkhk.nf.ca

AUDITORS' REPORT

To the Shareholders of
Newco IV Corporation

We have audited the balance sheet of Newco IV Corporation as at December 31, 2000 and the statements of income and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

NKHK Chartered Accountants

St. John's, Newfoundland
March 22, 2001

NEWCO IV CORPORATION

Balance Sheet
December 31, 2000

	2000	1999
ASSETS		
Current		
Cash	$ 452,854	$ 435,135
Receivables (less allowance of $135,324)	1	1
HST receivable	-	225
	$ 452,855	$ 435,361
LIABILITIES		
Payables	$ 1,940	$ 575
Due to Government of Newfoundland and Labrador (Note 2)	4,268,686	5,130,353
	4,270,626	5,130,928
SHAREHOLDERS' DEFICIENCY		
Capital stock		
Authorized		
Unlimited number of common shares		
Issued		
100 common shares	100	100
Deficit	3,817,871	4,695,667
	3,817,771	4,695,567
	$ 452,855	$ 435,361

On behalf of the Board:

_______________ Director

_______________ Director

NEWCO IV CORPORATION

Statement of Income and Deficit
Year Ended December 31, 2000

	2000	1999
Income		
Interest income	$ 21,340	$ 8,922
Expenses		
Vessel operations:		
Bank charges and licenses	245	489
Repairs and maintenance (recovery)	-	(39,650)
Vessel lease	-	299,716
Recovery of bad debts	-	(20,000)
	245	240,555
Administration:		
Professional fees and office expenses	4,140	5,500
HST adjustment	825	-
	4,965	5,500
	5,210	246,055
Net income (loss) before extraordinary item	16,130	(237,133)
Extraordinary item		
Forgiveness of long term debt (Note 2)	861,666	640,389
Net income for the year	877,796	403,256
Deficit as at beginning of year	4,695,667	5,098,923
Deficit as at end of year	$3,817,871	$4,695,667

NEWCO IV CORPORATION

Statement of Cash Flows
Year Ended December 31, 2000

	2000	1999
Operating activities		
Net income for the year	$879,348	$403,256
Add (deduct) items not involving cash		
Accrual for quadrennial survey	-	(40,000)
Forgiveness of debt	(861,666)	(640,389)
	17,682	(277,133)
Changes in non-cash working capital		
Receivables - HST	37	(112)
Prepaid expenses	-	45,837
Payables	-	575
Cash provided by (used in) operating activities	17,719	(230,833)
Financing activities		
Advances on long term debt	-	253,879
Cash provided by financing activities	-	253,879
Increase in cash during year	17,719	23,046
Cash position as at beginning of year	435,135	412,089
Cash position as at end of year	$452,854	$435,135
Cash represented by:		
Cash	$ 19,574	$ 5,135
Term deposits	433,280	430,000
	$452,854	$435,135

NEWCO IV CORPORATION

Notes to Financial Statements
December 31, 2000

1. General

The company was incorporated in May, 1987 for the primary purpose of leasing a vessel, M.V. Nain Banker, to carry on fish catching in Newfoundland. Subsequently, the vessel was sold, the lease terminated and, to date, the company is inactive.

2. Due to Government of Newfoundland and Labrador

The Government of Newfoundland and Labrador has advanced monies to the company in the form of unsecured loans, and no set terms of repayment. In 1997, it was decided not to charge further interest on this debt.

The Government of Newfoundland and Labrador, as represented by the Minister of Finance, notified the corporation that it had in 2000 forgiven the sum of $861,666 owed to the Province by the corporation as a result of advances previously made to the corporation to cover operating costs.

4. Loss carryforward

The company has losses for tax purposes available of $3,697,355 which can be carried forward up to 2006. These losses will start to expire in the following years unless utilized:

2001	$ 949,522
2002	944,697
2003	782,410
2004	387,583
2005	396,010
2006	237,133

NEWCO IV CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2001

NKHK
CHARTERED
ACCOUNTANTS
Suite 201, 516 Topsail Rd., St. John's, Nfld. A1E [illegible]
Tel (709) 364•5600 Fax (709) 368•[illegible] E-mail: [illegible]

AUDITORS' REPORT

To the Shareholders of
Newco IV Corporation

We have audited the balance sheet of Newco IV Corporation as at December 31, 2001 and the statements of income and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

NKHK Chartered Accountants

St. John's, Newfoundland
April 12, 2002

NEWCO IV CORPORATION

Balance Sheet
December 31, 2001

	2001	2000
ASSETS		
Current		
Cash	$ 467,295	$ 452,854
Receivables (less allowance of $135,324)	1	1
	$ 467,296	$ 452,855
LIABILITIES		
Payables	$ 575	$ 1,940
Due to Government of Newfoundland and Labrador (Note 2)	3,319,164	4,268,686
	3,319,739	4,270,626
SHAREHOLDERS' DEFICIENCY		
Capital stock		
Authorized		
Unlimited number of common shares		
Issued		
100 common shares	100	100
Deficit	2,852,543	3,817,871
	2,852,443	3,817,771
	$ 467,296	$ 452,855

On behalf of the Board:

Director

Director

NEWCO IV CORPORATION

Statement of Income and Deficit
Year Ended December 31, 2001

	2001	2000
Income		
Interest income	$ 17,801	$ 21,340
Expenses		
Bank charges	48	245
Professional fees and office expenses	3,500	4,140
HST adjustment	(1,553)	825
	1,995	5,210
Income before extraordinary item	15,806	16,130
Extraordinary item		
Forgiveness of long term debt (Note 2)	949,522	861,666
Net income for the year	965,328	877,796
Deficit as at beginning of year	3,817,871	4,695,667
Deficit as at end of year	$2,852,543	$3,817,871

NEWCO IV CORPORATION

Statement of Cash Flows
Year Ended December 31, 2001

	2001	2000
Operating activities		
Net income for the year	$965,328	$877,796
Add (deduct) item not involving cash		
Forgiveness of debt	(949,522)	(861,666)
	15,806	16,130
Changes in non-cash working capital		
Receivables - HST	-	37
Payables	(1,365)	1,552
Cash provided by operating activities	14,441	17,719
Cash position as at beginning of year	452,854	435,135
Cash position as at end of year	$467,295	$452,854
Cash represented by:		
Cash	$ 21,750	$ 19,574
Term deposits	445,545	433,280
	$467,295	$452,854

NEWCO IV CORPORATION

Notes to Financial Statements
December 31, 2001

1. General

The company was incorporated in May, 1987 for the primary purpose of leasing a vessel, M.V. Nain Banker, to carry on fish catching in Newfoundland. Subsequently, the vessel was sold, the lease terminated and, to date, the company is inactive.

2. Due to Government of Newfoundland and Labrador

The Government of Newfoundland and Labrador has advanced monies to the company in the form of unsecured loans, and no set terms of repayment. In 1997, it was decided not to charge further interest on this debt.

The Government of Newfoundland and Labrador, as represented by the Minister of Finance, notified the corporation that it had in 2001 forgiven the sum of $949,522 owed to the Province by the corporation as a result of advances previously made to the corporation to cover operating costs.

4. Loss carryforward

The company has losses for tax purposes available of $2,732,027 which can be carried forward up to 2006. These losses will start to expire in the following years unless utilized:

2002	-	$ 928,891
2003	-	782,410
2004	-	387,583
2005	-	396,010
2006	-	237,133

NEWCO IV CORPORATION

FINANCIAL STATEMENTS

OCTOBER 30, 2002

NKHK
CHARTERED
ACCOUNTANTS
Suite 201, 516 Topsail Rd., St. John's, NL A1E 2C5
Tel (709) 364•5600 Fax (709) 368 • 2146 E-mail: info@nkhk.nf.ca

AUDITORS' REPORT

To the Shareholders of
Newco IV Corporation

We have audited the balance sheet of Newco IV Corporation as at October 30, 2002 and the statements of income and deficit and cash flows for the ten month period then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at October 30, 2002 and the results of its operations and the changes in its financial position for the ten month period then ended in accordance with Canadian generally accepted accounting principles.

NKHK Chartered Accountants

St. John's, Newfoundland
May 15, 2003

NEWCO IV CORPORATION

Balance Sheet
October 30, 2002

	Oct. 30, 2002	Dec. 31, 2001
ASSETS		
Current		
Cash	$ 18,618	$ 467,295
Receivables (less allowance of $135,324)	-	1
	$ 18,618	$ 467,296
LIABILITIES		
Payables	$ 5,175	$ 575
Due to Government of Newfoundland and Labrador (Note 2)	169,164	3,319,164
	174,339	3,319,739
SHAREHOLDERS' DEFICIENCY		
Capital stock		
Authorized		
Unlimited number of common shares		
Issued		
100 common shares	100	100
Deficit	155,821	2,852,543
	155,721	2,852,443
	$ 18,618	$ 467,296

On behalf of the Board:

Director

Director

NEWCO IV CORPORATION

Statement of Income and Deficit
Ten Month Period Ended October 30, 2002

	Oct. 30, 2002	Dec. 31, 2001
Income		
Interest income	$ 3,065	$ 17,801
Expenses		
Bank charges	12	48
Professional fees and office expenses	5,505	3,500
HST on fees	826	(1,553)
	6,343	1,995
(Loss) income before extraordinary item	(3,278)	15,806
Extraordinary item		
Forgiveness of long term debt (Note 2)	2,700,000	949,522
Net income for the period	2,696,722	965,328
Deficit as at beginning of period	2,852,543	3,817,871
Deficit as at end of period	$ 155,821	$2,852,543

NEWCO IV CORPORATION

Statement of Cash Flows
Ten Month Period Ended October 30, 2002

	Oct. 30, 2002	Dec. 31, 2001
Operating activities		
Net income for the period	$ 2,696,722	$965,328
(Deduct) item not involving cash		
Forgiveness of debt	(2,700,000)	(949,522)
	(3,278)	15,806
Changes in non-cash working capital		
Government of Newfoundland and Labrador	(450,000)	-
Payables	4,601	(1,365)
Cash (used in) provided by operating activities	(448,677)	14,441
Cash position as at beginning of period	467,295	452,854
Cash position as at end of period	$ 18,618	$467,295
Cash represented by:		
Cash	$ 18,618	$ 21,750
Term deposits	-	445,545
	$ 18,618	$467,295

Notes to Financial Statements
October 30, 2002

1. General

The company was incorporated in May, 1987 for the primary purpose of leasing a vessel, M.V. Nain Banker, to carry on fish catching in Newfoundland. Subsequently, the vessel was sold, the lease terminated and, to date, the company is inactive. Effective October 30, 2002, the Corporation became a Crown Corporation as a result of share purchases.

2. Due to Government of Newfoundland and Labrador

The Government of Newfoundland and Labrador has advanced monies to the company in the form of unsecured loans, and no set terms of repayment. In 1997, it was decided not to charge further interest on this debt.

The Government of Newfoundland and Labrador, as represented by the Minister of Finance, notified the corporation that it had in 2002 forgiven the sum of $2,700,000 owed to the Province by the corporation as a result of advances previously made to the corporation to cover operating costs.

3. Subsequent event

Effective February 28, 2003, the amount owing to the Government of Newfoundland and Labrador has been forgiven. All other amounts owing have been paid and the company has been wound up.

NEWCO IV CORPORATION

FINANCIAL STATEMENTS

FEBRUARY 28, 2003

NKHK
CHARTERED
ACCOUNTANTS
Suite 201, 515 Topsail Rd., St. John's, NL A1E 2C5
Tel (709) 364•5600 Fax (709) 368 • 2146 E-mail: info@nkhk.nf.ca

AUDITORS' REPORT

To the Shareholders of
Newco IV Corporation

We have audited the balance sheet of Newco IV Corporation as at February 28, 2003 and the statements of income and deficit and cash flows for the four month period then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at February 28, 2003 and the results of its operations and the changes in its financial position for the four month period then ended in accordance with Canadian generally accepted accounting principles.

NKHK Chartered Accountants

St. John's, Newfoundland
May 15, 2003

NEWCO IV CORPORATION

Balance Sheet
February 28, 2003

	(Note 1) Feb. 28, 2003	Oct. 30, 2002
ASSETS		
Current		
Cash	$ -	$ 18,618
LIABILITIES		
Payables	$ -	$ 5,175
Due to Government of Newfoundland and Labrador	-	169,164
	-	174,339
SHAREHOLDERS' DEFICIENCY		
Capital stock		
Authorized		
Unlimited number of common shares		
Issued		
100 common shares	-	100
Deficit	-	155,821
	-	155,721
	$ -	$ 18,618

On behalf of the Board:

Director

Director

NEWCO IV CORPORATION

Statement of Income and Deficit
Four Month Period Ended February 28, 2003

	(Note 1) Feb. 28, 2003	Oct. 30, 2002
Income		
Interest income	$ -	$ 3,065
Expenses		
Bank charges	12	12
Professional fees and office expenses	3,000	5,505
HST on fees	450	826
	3,462	6,343
(Loss) before extraordinary item	(3,462)	(3,278)
Extraordinary item		
Forgiveness of long term debt	159,283	2,700,000
Net income for the period	155,821	2,696,722
Deficit as at beginning of period	155,821	2,852,543
Deficit as at end of period	$ -	$ 155,821

NEWCO IV CORPORATION

Statement of Cash Flows
Four Month Period Ended February 28, 2003

	(Note 1) Feb. 28, 2003	Oct. 30, 2002
Operating activities		
Net income for the period	$ 155,821	$ 2,696,722
(Deduct) item not involving cash		
Forgiveness of debt	(159,283)	(2,700,000)
	(3,462)	(3,278)
Changes in non-cash working capital		
Government of Newfoundland and Labrador	(9,981)	(450,000)
Payables	(5,175)	4,601
Cash (used in) operating activities	(18,618)	(448,677)
Cash position as at beginning of period	18,618	467,295
Cash position as at end of period	$ -	$ 18,618

1. General

The company was incorporated in May, 1987 for the primary purpose of leasing a vessel, M.V. Nain Banker, to carry on fish catching in Newfoundland. Subsequently, the vessel was sold, the lease terminated and the company is inactive. Effective October 30, 2002, the Corporation became a Crown Corporation as a result of share purchases.

As of February, 28, 2003, the balance of the loan to the Government of Newfoundland and Labrador was forgiven, the assets disbursed and the Corporation was wound up and ceased operations.

2. Cash disbursements

Cash on hand as at beginning of period	$ 18,618
Disbursed as follows:	
NKHK Chartered Accountants	8,625
Government of Newfoundland and Labrador	9,981
Bank charges	12
	18,618
Cash on hand as at end of period	$ -

3. Comparative figures

The comparative figures are for the ten month period ended October 30, 2002.

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Members
Newfoundland and Labrador Arts Council
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Arts Council as at 31 March 2003 and the statement of revenues, expenses and surplus for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
6 June 2003

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

BALANCE SHEET

31 MARCH 2003

	2003	2002
ASSETS		
Current		
Cash	$ 18,174	$129,346
Short term investments, at cost	350	1,112
Accounts receivable (Note 2)	58,558	28,978
Prepaid expenses	778	1,589
	77,860	161,025
Capital assets		
Furniture, fixtures and equipment	83,357	82,571
Less: expensed in year of acquisition	(79,442)	(78,656)
contributions to capital assets	(3,915)	(3,915)
	-	-
Arts fund assets (Note 3)	142,524	138,983
	$220,384	$300,008
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 45,539	$ 38,074
Deferred revenue (Note 4)	19,316	105,091
	64,855	143,165
Equity		
Surplus from operations	13,005	17,860
Arts fund (Note 3)	142,524	138,983
	155,529	156,843
	$220,384	$300,008

See accompanying notes

Signed on behalf of the Council: ____________________ **Chairperson** ____________________ **Member**

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

FOR THE YEAR ENDED 31 MARCH 2003

	2003 Actual	2003 Budget	2002 Actual
REVENUES			
Province of Newfoundland and Labrador			
Project grant	$ 488,100	$ 488,100	$ 485,800
Sustaining grant	250,000	250,000	250,000
Projects (Note 5)	438,112	457,428	301,906
Interest	1,544	2,000	2,705
	1,177,756	1,197,528	1,040,411
EXPENSES			
Grants awarded			
Project grants	260,000	260,000	256,974
Sustaining grants	250,000	250,000	250,000
Professional Artists Travel Fund grants	9,995	10,000	8,000
Labrador initiative	6,554	11,774	5,726
	526,549	531,774	520,700
Projects (Note 6)	440,112	459,428	310,520
Operating expenses (Note 7)	215,950	218,186	208,322
	1,182,611	1,209,388	1,039,542
Excess of (expenses over revenues) revenues over expenses	(4,855)	(11,860)	869
Surplus from operations, beginning of year	17,860	17,860	16,991
Surplus from operations, end of year	$ 13,005	$ 6,000	$ 17,860

See accompanying notes

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

The Newfoundland and Labrador Arts Council (the Council) operates under the authority of the *Arts Council Act* of the Province of Newfoundland and Labrador. The Council has the responsibility of fostering and promoting the study and enjoyment of and the production of works in the arts. The Council consists of twelve members appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Council's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below is the significant accounting policy followed.

Capital assets

All capital assets are expensed at the time of acquisition. Any contributions received toward the purchase of capital assets are recorded as a reduction in the cost of those assets. The cost of other capital asset additions for which no contributions are received are considered minor and are charged to expenditure in the year of acquisition.

2. Accounts receivable

	2003	2002
Harmonized Sales Tax	**$ 15,296**	$ 14,307
Other	**43,262**	14,671
	$ 58,558	$ 28,978

3. Arts fund

The Arts fund was created pursuant to Section 9 of the *Arts Council Act*. The principal of the fund is to be kept intact and only the interest earned on the invested principal may be disbursed, at the discretion of the Council, to foster and promote the study, enjoyment and production of works in the arts. This fund is comprised of monies received from the Consolidated Revenue Fund of the Province of Newfoundland and Labrador and from gifts and bequests received without terms. Interest earned on the fund is held in trust in the fund until it is withdrawn. For the year ended 31 March 2003 interest of $3,541 (2002 - $6,505) has been earned through investment of the fund.

3. Arts fund (cont.)

The fund is comprised of monies received from:

	2003	2002
Province of Newfoundland and Labrador	**$ 40,000**	$ 40,000
Gifts and bequests as per Section 12(2) of the *Arts Council Act*	**10,352**	10,352
	50,352	50,352
Interest allocated to the Arts fund	**92,172**	88,631
	$142,524	$138,983

At 31 March 2003, the fund consists of investments of $82,056 and cash of $60,468. At 31 March 2002, the fund consisted of cash of $138,983.

4. Deferred revenue

Deferred revenue represents revenue relating to future operating periods. The revenue will be reported in the applicable future period to which it relates.

	2003	2002
Aliant Cultural Innovations Fund	**$ 8,227**	$ 4,669
Arts Smarts	**5,004**	2,952
CEDA Senior Artists Research and Development Program	**3,417**	86,745
Winterset Award	**2,668**	2,163
Newfoundland and Labrador Association of Technology Industries internship	**-**	8,562
	$19,316	$105,091

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

5. Revenues - Projects

	2003		2002
	Actual	Budget	Actual
CEDA Senior Artists Research and Development Program	$173,328	$176,745	$ 3,255
Aliant Cultural Innovations Fund	116,442	124,669	135,049
Arts Smarts	107,148	112,152	109,677
Winterset Award	12,495	15,163	19,837
Newfoundland and Labrador Association of Technology Industries internship	8,562	8,562	6,438
ACOA/ERA marketing	6,725	6,725	10,182
Cultural Human Resources Council internship	6,400	6,400	-
Graduate employment program	5,231	5,231	4,769
HRDC - Summer Career Placement program	1,781	1,781	1,699
Arts awards	-	-	10,500
Larry Jackson Award	-	-	500
	$438,112	$457,428	$301,906

6. Expenses - Projects

	2003		2002
	Actual	Budget	Actual
CEDA Senior Artists Research and Development Program	$173,328	$176,745	$ 3,255
Aliant Cultural Innovations Fund	116,442	124,669	135,049
Arts Smarts	107,148	112,152	109,677
Winterset Award	12,495	15,163	19,837
Newfoundland and Labrador Association of Technology Industries internship	8,562	8,562	6,438
ACOA/ERA marketing	6,725	6,725	4,589
Cultural Human Resources Council internship	6,400	6,400	-
Graduate employment program	5,231	5,231	4,769
Arts awards	2,000	2,000	24,707
HRDC - Summer Career Placement program	1,781	1,781	1,699
Larry Jackson Award	-	-	500
	$440,112	$459,428	$310,520

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

7. Operating expenses

	2003		2002
	Actual	**Budget**	Actual
Salaries and employee benefits	**$167,248**	**$167,350**	$159,927
Travel and Council meetings	**16,428**	**17,000**	15,411
Office and postage	**12,450**	**12,800**	13,272
Project evaluating fees	**8,950**	**9,000**	8,760
Miscellaneous	**3,342**	**4,236**	2,918
Telephone	**2,782**	**3,000**	3,357
Advertising	**2,164**	**2,000**	1,559
Professional services	**1,800**	**1,800**	1,800
Capital assets	**786**	**1,000**	1,318
	$215,950	**$218,186**	$208,322

8. Related party transactions

The Council leases office space from the Province of Newfoundland and Labrador at an annual rate of $1.

9. Pensions

Council staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Council and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Council's share of pension contributions for 2003 was $9,169 (2002 - $8,756).

10. Economic dependence

As a result of the Council's reliance on Provincial funding, the Council's ability to continue viable operations is dependent upon the decisions of the Province.

11. Financial instruments

The Council's financial instruments recognized in the balance sheet consist of cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments.

12. Income taxes

The Council is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

13. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Newfoundland and Labrador Centre for Health Information
Financial Statements
March 31, 2003

Grant Thornton

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Directors of the
Newfoundland and Labrador Centre for Health Information

We have audited the statement of financial position of the **Newfoundland and Labrador Centre for Health Information** at March 31, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Centre for Health Information as at March 31, 2003 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
July 28, 2003

Grant Thornton LLP
Chartered Accountants

P.O. Box 8037
ICON Building
187 Kenmount Road
St. John's
Newfoundland and Labrador
A1B 3M7
T (709) 722-5960
F (709) 722-7892
E StJohns@GrantThornton.ca
W www.GrantThornton.ca

Canadian Member of Grant Thornton International

Newfoundland and Labrador Centre for Health Information

Statements of Operations and Changes in Net Assets

Year Ended March 31	2003	2002
Revenue		
Government grants	$ 1,437,523	$ 1,362,828
Canada Health Infoway	260,549	-
Research funding	239,972	-
Other	5,527	37,250
Amortization of deferred capital contributions	1,224,186	237,257
	3,167,757	1,637,335
Expenditure		
Advertising	3,034	1,377
Contract services	15,107	40,837
Data communications	193,717	44,123
Depreciation	1,241,516	299,792
Interest	32,446	30,648
Meetings	212	5,221
Miscellaneous	4,782	5,290
Office supplies	88,084	56,422
Printing	1,773	6,729
Professional fees	126,483	87,096
Public relations	-	13,566
Rent	122,218	32,015
Salaries and benefits	963,766	882,638
Software maintenance	129,832	19,378
Training	11,704	9,455
Telephone	2,813	4,131
Travel	71,697	67,450
	3,009,184	1,606,168
Excess of revenue over expenditure	$ 158,573	$ 31,167
Net assets, beginning of year	$ 319,715	$ 288,548
Excess of revenue over expenditure	158,573	31,167
Net assets, end of year	$ 478,288	$ 319,715

See accompanying notes to the financial statements.

Newfoundland and Labrador Centre for Health Information
Statement of Financial Position

March 31	2003	2002
Assets		
Current		
Receivables (Note 3)	$ 2,127,436	$ 2,179,022
Capital assets (Note 4)	3,168,570	3,424,313
	$ 5,296,006	$ 5,603,335
Liabilities		
Current		
Payables and accruals (Note 5)	$ 286,010	$ 109,950
Deferred capital contributions (Note 6)	875,047	595,859
Deferred revenue	180,000	-
	1,341,057	705,809
Deferred capital contributions (Note 6)	2,591,652	2,830,065
Contractual obligations (Note 7)	745,413	1,634,560
Accrued severance pay	139,596	113,186
	4,817,718	5,283,620
Net Assets		
Net assets	478,288	319,715
	$ 5,296,006	$ 5,603,335

Commitment (Note 9)

On behalf of the Board

Fred Baker Director

Director

See accompanying notes to the financial statements.

Newfoundland and Labrador Centre for Health Information
Statement of Cash Flows

Year Ended March 31	2003	2002
Increase (decrease) in cash and cash equivalents		
Operating activities		
Excess of revenue over expenditure	$ 158,573	$ 31,167
Items not requiring a cash outlay		
Depreciation	1,241,516	299,792
Amortization of deferred capital contributions	(1,224,186)	(237,257)
Increase in severance pay accrual	26,410	40,948
	202,313	134,650
Change in non-cash operating working capital (Note 8)	(127,393)	61,021
Cash provided by operating activities	74,920	195,671
Financing activities		
Capital contributions from government	1,264,961	1,968,000
(Decrease) increase in contractual obligations	(889,147)	1,255,342
Cash provided by financing activities	375,814	3,223,342
Investing activities		
Receivables – capital	535,039	(560,000)
Purchase of capital assets	(985,773)	(2,859,013)
Cash used in investing activities	(450,734)	(3,419,013)
Increase in cash and cash equivalents	-	-
Cash and cash equivalents, end of year	$ -	$ -

See accompanying notes to the financial statements.

Newfoundland and Labrador Centre for Health Information
Notes to the Financial Statements
March 31, 2003

1. Nature of operations

The Newfoundland and Labrador Centre for Health Information (the Centre) was established on August 22, 1997 to lead the development of a provincial Health Information Network, to promote information standards, and capture and analyze relevant health statistics in Newfoundland and Labrador. The Centre was formed to implement the recommendations of the Health System Information Task Force, including the Management Information Systems Project, which was administered by the Newfoundland and Labrador Health and Community Services Association.

2. Summary of significant accounting policies

These financial statements have been prepared within the framework of Canadian generally accepted accounting principles, the more significant of which are as follows:

Basis of accounting

These financial statements include only the assets, liabilities, revenues and expenditures relating to the operations carried on under the name of Newfoundland and Labrador Centre for Health Information.

Use of estimates

In preparing the Centre's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Administrative expenses

The Centre is administered by contractual employees, salaried employees and employees seconded from and paid by the provincial Department of Health and Community Services. Administration expenses related to the Centre which are paid through the Department of Health and Community Services are not reflected in these statements.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

Depreciation

Rates and basis of depreciation applied to write off the cost of equipment over their estimated lives are as follows:

Computer equipment	20%, straight line
Office furniture	15%, straight line
Computer software	33%, straight line

2. Summary of significant accounting policies (cont'd.)

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight line basis using the same rates as depreciation expense related to the capital assets purchased.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service, and accordingly no provision has been made in accounts for employees with less than nine years of continual service. As well, no provision has been made for contractual employees and employees seconded from the provincial Department of Health and Community Services. Severance pay is payable when the employee ceases employment with the Centre.

Pension costs

Employees of the Centre are covered by the Public Service Pension Plan administered by the Government of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Centre. The annual contributions for pensions are recognized in the accounts on a current basis.

3. Receivables

	2003	2002
Department of Health and Community Services		
Capital	$ 1,264,961	$ 1,800,000
Operating	180,000	29,270
Health Care Corporation of St. John's	299,530	313,625
Canada Health Infoway	299,631	-
Other	83,314	36,127
	$ 2,127,436	$ 2,179,022

4. Capital assets

	Cost	Accumulated Depreciation	2003 Net Book Value	2002 Net Book Value
Computer equipment	$ 538,972	$ 284,832	$ 254,140	$ 335,935
Office furniture	68,176	36,049	32,127	18,553
Computer software	3,445,135	1,329,828	2,115,307	3,069,825
Project in progress	766,996	-	766,996	-
	$4,819,279	$ 1,650,709	$ 3,168,570	$ 3,424,313

5. Payables and accruals

	2003	2002
Trade and sundry	$ 200,028	$ 44,269
Vacation and compensatory pay	85,982	65,681
	$ 286,010	$ 109,950

6. Deferred capital contributions

	2003	2002
Current		
Opening balance	$ 595,859	$ 1,262,178
Capital contributions from government	1,264,961	1,968,000
Purchase of capital assets	(985,773)	(2,634,319)
Ending balance	$ 875,047	$ 595,859
Long term		
Opening balance	$ 2,830,065	$ 433,003
Purchase of capital assets	985,773	2,634,319
Amortization of deferred contributions	(1,224,186)	(237,257)
Ending balance	$ 2,591,652	$ 2,830,065

7. Contractual obligations

	2003	2002
Interim financing	$ 745,413	$ 1,517,237
Capital accounts payable	-	117,323
	$ 745,413	$ 1,634,560

The Centre has committed to the development of the UPI/Common Client Registry Scoping Project at a cost of approximately $4.0 million. This project was completed as of March 31, 2003 and costs incurred to this date amounted to $3,800,270 (2002 - $3,630,695).

During 2002, the Centre obtained a line of credit from the Royal Bank of Canada to a maximum of $3,000,000, at an interest rate of prime less 0.8%, to finance this project. This financing arrangement was obtained in the name of Health Care Corporation of St. John's.

Subsequent to year end, $748,775 of funding from the Government of Newfoundland and Labrador was applied against the line of credit.

8. Supplemental cash flow information

Change in non-cash operating working capital	2003	2002
Receivables	$ (483,453)	$ (3,983)
Payables and accruals	176,060	65,004
Deferred revenue	180,000	-
	$ (127,393)	$ 61,021

9. Commitment

The Centre is committed under an operating lease agreement for the rental of office space to make annual payments as follows:

2004	$ 122,218
2005	122,218
2006	122,218
2007	91,666
	$ 458,320

10. Financial instruments

The Centre's primary financial instruments recognized in the statement of financial position consist of receivables, current liabilities, deferred capital contributions, deferred revenue, contractual obligations and accrued severance pay. The carrying value of the primary financial instruments of the Centre approximate fair value due to the normal trade credit terms and conditions of those instruments.

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY

NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Crop Insurance Agency
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Crop Insurance Agency, Newfoundland and Labrador Crop Insurance Fund as at 31 March 2003 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Crop Insurance Agency, Newfoundland and Labrador Crop Insurance Fund as at 31 March 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
12 June 2003

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY

NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND

BALANCE SHEET

31 MARCH 2003

	2003	2002
ASSETS		
Current		
Cash	**$ 3,087**	$ 27,847
Accounts receivable (Note 2)	**1,877**	6,792
	$ 4,964	$ 34,639
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 3)	**$ 1,000**	$ 13,762
Equity		
Contributions - Province of Newfoundland and Labrador	**280,000**	280,000
Deficit	**(276,036)**	(259,123)
	3,964	20,877
	$ 4,964	$ 34,639

See accompanying notes

Signed on behalf of the Board: C. MacDonald **Chairperson** **Director**

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY

NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND

STATEMENT OF REVENUES, EXPENSES AND DEFICIT

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
REVENUES		
Province of Newfoundland and Labrador		
Premium contributions (Note 4)	$ 165,855	$ 112,266
Payments on behalf of the Agency for administration (Note 5)	139,039	96,835
	304,894	209,101
Appeal administration fee	50	75
Interest	-	639
Miscellaneous	-	1,157
Premiums from insured persons	13,338	8,592
	318,282	219,564
EXPENSES		
Administration (Note 5)		
Equipment	773	-
Professional services	4,742	1,625
Purchased services	3,899	5,122
Salaries and employee benefits	104,914	75,633
Supplies	7,671	5,581
Transportation and communications	17,040	8,874
	139,039	96,835
Bank charges	28	178
Indemnity claims	196,078	202,695
Refund of appeal fee	50	-
	335,195	299,708
Excess of expenses over revenues	(16,913)	(80,144)
Deficit, beginning of year	(259,123)	(178,979)
Deficit, end of year	$(276,036)	$(259,123)

See accompanying notes

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY

NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

The Newfoundland and Labrador Crop Insurance Agency (the Agency) operates under the authority of the *Crop Insurance Act*. The purpose of the Agency is to operate the Newfoundland and Labrador Crop Insurance Fund to provide insurance to farmers of the Province to restrict the amount of financial loss due to crop failure. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Newfoundland and Labrador Crop Insurance Fund.

1. Significant accounting policies

These financial statements have been prepared by the Agency in accordance with Canadian generally accepted accounting principles.

2. Accounts receivable

	2003	2002
Province of Newfoundland and Labrador	**$ 1,000**	$ 5,618
Premiums from insured persons	**3,932**	4,229
	4,932	9,847
Less: allowance for doubtful accounts	**3,055**	3,055
	$ 1,877	$ 6,792

3. Accounts payable and accrued liabilities

	2003	2002
Province of Newfoundland and Labrador	**$ 1,000**	$ 1,000
Claims payable	**-**	12,762
	$ 1,000	$13,762

4. Premium contributions and administration expenditures

Under an agreement with the Government of Canada, the Province of Newfoundland and Labrador recovers 60% of premiums for Tier 1 coverage, 30% of premiums for Tier 2 coverage and 50% of administration expenses. These amounts, when recovered, are recorded by the Department of Forest Resources and Agrifoods as related revenue and are not reflected in these financial statements.

5. Payments on behalf of the Agency for administration

Agency staff are employees of the Department of Forest Resources and Agrifoods. Salaries and other costs of $139,039 (2002 - $96,835) applicable to the operation of the Agency have been paid by the Department and are reflected in these financial statements as expenses of the Agency and as revenue in the form of payment made by the Province on behalf of the Agency.

6. Economic dependence

As a result of the Agency's reliance on Provincial funding to meet its operating costs, the Agency's ability to continue viable operations is dependent upon continued funding from the Province.

7. Financial instruments

The Agency's financial instruments recognized in the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair market value due to the short-term maturity associated with these instruments.

8. Income taxes

The Agency is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Federal or Provincial income taxes.

NEWFOUNDLAND AND LABRADOR EDUCATION INVESTMENT CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador Education
Investment Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Education Investment Corporation as at 31 March 2003 and the statement of revenue, expenditure and deficit for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
13 June 2003

NEWFOUNDLAND AND LABRADOR EDUCATION INVESTMENT CORPORATION

BALANCE SHEET
as at 31 March 2003

	2003 $	2002 $
ASSETS		
Current		
Accounts receivable	645,796	-
Due from related parties (Note 2)	2,808,090	953,194
Due from Province	181,200	-
Harmonized Sales Tax receivable	3,049,228	2,569,120
TOTAL ASSETS	6,684,314	3,522,314
LIABILITIES AND DEFICIT		
Current		
Bank overdraft (Note 3)	61,803,523	27,356,349
Accounts payable and accrued liabilities	1,988,531	3,297,644
Advances received from the Department of Education (Note 4)	1,036,980	1,256,796
Holdbacks payable	2,080,720	1,780,309
Due to related parties (Note 5)	1,290,669	402,199
	68,200,423	34,093,297
Deficit		
Share capital (Note 6)	-	-
Deficit	(61,516,109)	(30,570,983)
	(61,516,109)	(30,570,983)
TOTAL LIABILITIES AND DEFICIT	6,684,314	3,522,314

See accompanying notes

Signed on behalf of the Board:

Chairperson

Member

NEWFOUNDLAND AND LABRADOR EDUCATION INVESTMENT CORPORATION

STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT
For the year ended 31 March 2003

	2003 $	2002 $
REVENUE	-	-
EXPENDITURE		
Administration	399,074	445,087
Bank charges	1,351,912	117,015
Funded initiatives	29,375,340	29,823,214
	31,126,326	30,385,316
Excess of expenditure over revenue	(31,126,326)	(30,385,316)
Deficit, beginning of year	(30,570,983)	(5,535,667)
Transfer from the Province (Note 7)	181,200	5,350,000
Deficit, end of year	(61,516,109)	(30,570,983)

See accompanying notes

Authority

The Newfoundland and Labrador Education Investment Corporation (the Corporation) was incorporated on 27 March 1998 under the *Corporations Act* of the Province of Newfoundland and Labrador. The Province holds 100% of the issued common shares. The affairs of the Corporation are managed by a board of directors (the Board) appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland and Labrador.

The objective of the Board is to provide funds to school boards and others for the construction, renovation, extension and equipping of educational facilities in the Province and to carry out other business or objectives as directed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Board in accordance with generally accepted accounting principles based on the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

2. Due from related parties

Due from related parties represents amounts receivable from school boards to reimburse the Corporation for payments made on behalf of the boards in connection with extension and renovation projects. These amounts are to be repaid by the school boards from savings realized as a result of school closures.

3. Bank overdraft

The Corporation has obtained a bank line of credit not to exceed $75,000,000, with an annual interest rate of prime less 1.26%. No repayments of principal or interest are due prior to 31 October 2003.

The Government of Newfoundland and Labrador has provided the bank with a guarantee for the full amount of any outstanding balance.

4. Advances received from the Department of Education

Advances received from the Department of Education represent amounts paid to the Corporation to fund future school board expenditures for work to be undertaken by the Corporation on behalf of the school boards.

5. Due to related parties

Due to related parties represents reimbursable expenditures made by school boards and the Department of Education with respect to air quality, repairs and maintenance and other projects for which documentation to support such expenditures during the year has been received.

6. Share capital

Share capital consists of:

Authorized
100 common shares of no par value

Issued and Outstanding
3 common shares

Pursuant to the direction of the Lieutenant-Governor in Council, each of the following holds one share on behalf of the Province of Newfoundland and Labrador:

Minister of Finance
Minister of Education
Minister of Works, Services and Transportation

7. Related party transactions

During the year, a non-repayable amount of $181,200 (2002 - $5,350,000) was approved by the Government of Newfoundland and Labrador and subsequently transferred to the Corporation.

The Corporation is administered by employees of Executive Council, the Department of Education and the Department of Finance. Projects funded by the Corporation are primarily managed by the Department of Works, Services and Transportation. Costs of administration are paid directly by the departments and are reimbursed by the Corporation.

8. Commitments

The Corporation has approved and is funding various projects consistent with its objective.

As at 31 March 2003, the total value of work not yet completed in relation to approved project expenditures was approximately $50 million (31 March 2002 - $46 million).

9. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of accounts receivable, due from/to related parties, due from the Province, Harmonized Sales Tax receivable, bank overdraft, accounts payable and accrued liabilities, advances received from the Department of Education and holdbacks payable, the carrying values of which approximate fair value due to the short-term maturity or current value associated with these instruments.

10. Economic dependence

As a result of its reliance on future transfers from the Government of Newfoundland and Labrador to fund its approved projects and operating costs, the Corporation's ability to continue is dependent upon the decisions of Government.

11. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

Newfoundland and Labrador
Farm Products Corporation
Financial Statements
March 31, 2003

Grant Thornton

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Honourable Minister of Forest, Resources and Agrifoods

We have audited the balance sheet of **Newfoundland and Labrador Farm Products Corporation** at March 31, 2003, and the statements of earnings and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
May 13, 2003

Grant Thornton LLP
Chartered Accountants

P.O. Box 8037
ICON Building
187 Kenmount Road
St. John's
Newfoundland and Labrador
A1B 3M7
T (709) 722-5960
F (709) 722-7892
E StJohns@GrantThornton.ca
W www.GrantThornton.ca

Newfoundland and Labrador Farm Products Corporation
Statements of Earnings and Deficit

Year Ended March 31	2003	2002
Revenue		
Government of Newfoundland and Labrador Corner Brook grant (Note 10)	$ 96,036	$ 233,185
Other	2,714	3,485
	98,750	236,670
Expenses		
Administrative	59	1,586
Depreciation	1,542	1,784
Inventory write down	-	41,557
Other (Note 8)	-	58,563
Corner Brook plant (Note 10)	96,036	233,185
	97,637	336,675
Operating earnings (loss) before other item	1,113	(100,005)
Forgiveness of debt – Government of Newfoundland and Labrador (Note 9)	-	344,634
Net earnings	$ 1,113	$ 244,629
Deficit, beginning of year	$(11,952,256)	$(12,196,885)
Net earnings	1,113	244,629
Deficit, end of year	$(11,951,143)	$(11,952,256)

See accompanying notes to the financial statements.

Newfoundland and Labrador Farm Products Corporation

Balance Sheet

March 31	2003	2002
Assets		
Current		
Cash and cash equivalents	$ 126,446	$ 331,732
Receivables (Note 4)	10,380	19,479
Inventories (Note 5)	25,000	25,000
	161,826	376,211
Long term receivable (Note 6)	-	7,600
Property and equipment (Note 7)	16,912	18,454
	$ 178,738	$ 402,265
Liabilities		
Current		
Payables and accruals	$ 52,624	$ 181,228
Deferred grant (Note 10)	51,661	147,697
	104,285	328,925
Surplus (Deficiency)		
Contributed surplus	12,025,596	12,025,596
Deficit	(11,951,143)	(11,952,256)
	74,453	73,340
	$ 178,738	$ 402,265

On behalf of the Board

Director

Chairperson

See accompanying notes to the financial statements.

Newfoundland and Labrador Farm Products Corporation
Statement of Cash Flows

Year Ended March 31	2003	2002
Increase (decrease) in cash and cash equivalents		
Operating		
Net earnings	$ 1,113	$ 244,629
Depreciation	1,542	1,784
Inventory write-down	-	41,557
Forgiveness of debt	-	(344,634)
	2,655	(56,664)
Change in non-cash operating working capital (Note 11)	(215,541)	110,709
	(212,886)	54,045
Investing		
Decrease in long term receivable	7,600	7,600
Net (decrease) increase in cash and cash equivalents	(205,286)	61,645
Cash and cash equivalents		
Beginning of year	331,732	270,087
End of year	$ 126,446	$ 331,732

See accompanying notes to the financial statements.

1. Nature of operations

The Corporation is a Provincial Crown Corporation, which operates under the authority of the Farm Products Corporation Act and reports on its operations to the Minister of Forest Resources and Agrifoods.

The Corporation is dependent upon the Government of Newfoundland and Labrador ("Government") to fund its annual operating costs.

2. Closure of Corner Brook poultry operations

On April 30, 1997, the Corporation discontinued processing and subsequently closed the Corner Brook poultry plant. It is Government's stated intention to seek an alternate use for this plant. As the divestiture process for the Corner Brook assets is still in progress, the adjustments, if any, which may be required to the carrying value of these assets cannot be determined at this time. Termination benefits have been provided to all Corner Brook employees affected by the plant closure.

On April 1, 2002 the Corporation entered into a lease with Maple Valley Foods Limited for the period April 1, 2002 to September 30, 2003 for use of the Corporation's building and equipment.

3. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are set out below.

Use of estimates

In preparing the Corporation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Operating grants

Operating grants received from Government are normally treated as a reduction of the operating loss for the year. A grant of $500,000 received in 1998/99 was earmarked towards divestiture and operating activities of the Corner Brook plant beyond April 1, 1999, and was recorded as a deferred grant. A further $200,000 was provided by Government to the Corporation in 2001/02 to cover costs to September 30, 2003. During the year, $96,036 (2001/02 $233,185) (see Note 10) of the deferred grant was used to offset expenditures for the Corner Brook plant.

Capital grants

Capital grants are recorded as a reduction of the cost of the assets acquired during the year. Unexpended capital grants are recorded as appropriated surplus.

3. Summary of significant accounting policies (cont'd.)

Depreciation

Rates of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Buildings	5%, declining balance
Machinery and equipment	20% declining balance and units of production
Office furniture and equipment	20%, declining balance

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balance with banks.

Inventories

Inventory is valued at net realizable value.

Income taxes

The Corporation is a Crown entity and as such is not subject to either federal or provincial income taxes.

4. **Receivables**	2003	2002
Current portion of long term receivables	$ 7,600	$ 7,600
Other	2,780	11,879
	$ 10,380	$ 19,479

5. **Inventories**	2003	2002
Materials and supplies – Corner Brook Plant	$ 25,000	$ 25,000

Materials and supplies relate to tools and spare parts for machinery and equipment.

6. **Long term receivable**	2003	2002
8% mortgage, repayable in equal annual instalments of $7,600 plus interest to 2003.	$ 7,600	$ 15,200
Less: current portion	7,600	7,600
	$ -	$ 7,600

7. Property and equipment

	Cost	Contributed Assets	Accumulated Depreciation	2003 Net Book Value	2002 Net Book Value
Land	$ 209,408	$ 209,407		**$ 1**	1
Buildings	2,626,962	2,605,971	$ 7,380	**13,611**	14,327
Machinery equipment	1,625,015	1,479,034	142,751	**3,230**	4,038
Office furniture and equipment	13,544	3,910	9,564	**70**	88
	$4,474,929	$4,298,322	$ 159,695	**$ 16,912**	$ 18,454

The above property and equipment represents assets entirely of the Corner Brook plant.

8. Other

Environmental Indemnity

On March 9, 2000, the Corporation, along with Government and the Newfoundland Chicken Marketing Board, entered into a sales agreement with 10874 Newfoundland Inc. (now Country Ribbon Inc.). Included in this agreement was an environmental indemnity provided by Government to Country Ribbon Inc. for all material claims in connection with the presence of any hazardous substances on, under or within the Pleasantville or the Cochrane Pond Facilities, which were present at any time prior to March 9, 2000. This environmental indemnity covers a period of five years.

In 2000/01, the Corporation was advised by Country Ribbon Inc. that a quantity of contaminated soil had to be removed below Building 905 in Pleasantville. The Board directed that the matter be assessed by an environmental engineer and any material to be removed be supervised by the environmental engineer. In 2001/02, the Corporation was advised that the contaminated soil had been removed and the site had been remediated at a cost of $58,563. The Corporation expensed this amount in the 2001/02 fiscal year.

9. Demand loan – Government of Newfoundland and Labrador

In November 2001, Treasury Board authorized the write-off of the demand loan in the amount of $344,634. The write off was recorded as a forgiveness of debt and included as income in the 2001/02 fiscal year.

10. Deferred Grant - Corner Brook expenses

In 1998/99 Government provided the Corporation with a grant of $500,000 to be used towards divestiture and operating activities of the Corner Brook plant for 1999/00 and beyond. In 2001/02 Government provided the Corporation with a further $200,000 to cover similar costs beyond March 2002. During 2002/03 the deferred grant was reduced by $96,036 (2001/02 $233,185) representing net expenditures for the above stated purposes. As at March 31, 2003, the deferred grant totalled $51,661 (2001/02 - $147,697).

Details of Corner Brook net expenditures are as follows:

	2003	2002
Heat and light	**$ 53,940**	$ 34,920
Repairs and maintenance	**37,268**	5,757
Insurance	**8,800**	7,360
Office and administration	**1,764**	118
Audit fees	**1,700**	4,500
Communications	**172**	3,440
Termination benefits	-	110,841
Salaries and benefits	-	46,172
Consultants	-	17,500
Municipal taxes	-	7,479
	103,644	238,087
Corner Brook share of interest revenue	**(4,108)**	(4,902)
Gain on disposition of assets	**(3,500)**	-
	$ 96,036	$ 233,185

11. Supplemental cash flow information

Change in non-cash operating working capital	**2003**	2002
Receivables	**$ 9,099**	$ (7,550)
Payables and accruals	**(128,604)**	151,445
Deferred grant	**(96,036)**	(33,186)
	$ (215,541)	$ 110,709

12. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

Newfoundland and Labrador Film Development Corporation

Financial Statements

March 31, 2003

Grant Thornton

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of
Newfoundland and Labrador Film Development Corporation

We have audited the balance sheet of **Newfoundland and Labrador Film Development Corporation** at March 31, 2003 and the statements of operations, receipts and disbursements – Equity Investment Program, surplus and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003 and the results of its operations for the year then ended in accordance with the basis of accounting referred to in Note 2.

Grant Thornton LLP

St. John's, Newfoundland
May 9, 2003

Grant Thornton LLP
Chartered Accountants

P.O. Box 8037
ICON Building
187 Kenmount Road
St. John's
Newfoundland and Labrador
A1B 3M7
T (709) 722-5960
F (709) 722-7892
E StJohns@GrantThornton.ca
W www.GrantThornton.ca

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Newfoundland and Labrador Film Development Corporation
Statement of Operations

Year Ended March 31		2003		2002
Revenue				
Federal and Provincial Government funding (Note 4)	$	550,000	$	550,000
Other				
Atlantic Canada Film Partners - travel reimbursement		29,543		15,348
Growing the Local Film Industry study		20,000		30,000
Provincial Government – reimbursement for reception		3,000		-
Provincial Government - reimbursement for trade show		-		2,997
Film Pro - expense reimbursement		2,765		-
ERA – Sound Stage feasibility study		-		26,007
Interest income		401		2,624
		605,709		626,976
Expenses				
Advertising		9,906		18,188
Conferences and travel		108,160		83,260
Depreciation		5,977		8,021
Guest productions		479		10,860
Office administration		93,232		120,288
Printed materials		2,529		3,353
Professional fees		30,983		59,900
Promotional and publications		23,400		28,573
Salaries and benefits		262,530		245,790
Sponsorships		77,772		82,270
		614,968		660,503
Loss from operations	$	(9,259)	$	(33,527)

See accompanying notes to the financial statements.

Newfoundland and Labrador Film Development Corporation
Statement of Receipts and Disbursements
Equity Investment Program

Year Ended March 31		2003	2002
Receipts			
Government funding – Equity Investment Program		$ 1,160,000	$ 1,000,000
Recoupment – Equity Investment Program		3,101	6,722
		1,163,101	1,006,722
Disbursements			
Augusta Productions	A Show About Cancer	6,340	-
Battery Radio Inc.	Mummers and Masks	-	16,000
Codlessco Productions	Fool Proof	25,000	-
Curzon Village Productions Inc.	Prophet Sharing	7,500	7,000
Dark Flowers Inc.	Atlantic Blue	25,000	10,000
Factory Lane Productions	Longliner Elite	4,000	-
Factory Lane Productions	White Thunder	-	18,845
IMX Communications Newfoundland Inc.	Human Amusements	-	12,000
Jim Byrd Consulting Inc.	Water of Life	15,000	-
Jim Byrd Consulting Inc.	Away	-	25,000
Kickham East Productions Inc.	The Boughwolfen	15,440	-
Kickham East Productions Inc.	The Bread maker	135,000	-
Kickham East Productions Inc.	The Adventures of Cookie Clow	2,751	-
Kickham East Productions Inc.	Faith, Hope, and Love	-	8,000
Morag Productions	The Invisible Machine	64,703	8,000
Morag Productions	Dr. Olds of Twillingate	14,094	-
NF Motion Picture Plant	The Jack Tales	15,000	-
NF Motion Picture Plant	Tomorrow Will Be Sunday	12,000	-
Pangur Ban Productions Inc.	Stories for the Season	9,000	-
Pangur Ban Productions Inc.	Colony of Unrequited Dreams	15,000	-
Pangur Ban Productions Inc.	Reaching Tangier	-	8,000
Pangur Ban Productions Inc.	Ghosts of Glory	-	7,000
Passage Films	Random Passage	359,333	359,333
Pasta King Productions	Web Drama	12,207	-
Plain Sight Pictures	Iron Spring Light	7,000	-
Pope Productions	Media Jam	61,020	-
Pope Productions	Advance Lots & Man Overboard	5,000	-
Pope Productions	Tickle Bight	-	3,000
Pope Productions	Gander	-	52,404
Pope Productions	Rare Birds	-	215,000
Red Door Inc.	Red Door	100,000	50,000
Red Ochre Productions	Making Love in St. Pierre	136,500	-
Rink Rat Productions	Young Triffie	4,000	5,600
Rink Rat Productions	Looped	8,000	-
Rink Rat Productions	Tennyson's Wake	-	4,000
Rock Island Productions	James Joyce and Music	3,420	-
Ruby Line Productions	Starring NF	24,435	-
Ruby Line Productions	Raising Rover	3,014	-

See accompanying notes to the financial statements.

Newfoundland and Labrador Film Development Corporation
Statement of Receipts and Disbursements
Equity Investment Program

Year Ended March 31		2003	2002
Disbursements (cont'd.)			
Ruby Line Productions	Hearts Apart	-	7,000
Ruby Line Productions	Confidential Tracks	-	89,564
Ruby Line Productions	Home is Not Sad	-	5,565
Springwater Productions	Mina Hubbard's Way	-	5,000
Steeple 4 Productions Inc.	Steeplechasing	82,207	84,119
		1,171,964	1,000,430
Excess of (disbursements over receipts) receipts over disbursements		$ (8,863)	$ 6,292
Closing balance		$ (227)	$ 8,636

See accompanying notes to the financial statements.

Newfoundland and Labrador Film Development Corporation
Statement of Surplus

Year Ended March 31	2003	2002
Surplus, beginning of year	$ 37,646	$ 64,881
Loss from operations	(9,259)	(33,527)
Excess of (disbursements over receipts) receipts over disbursements – Equity Investment Program	(8,863)	6,292
Surplus, end of year	$ 19,524	$ 37,646

See accompanying notes to the financial statements.

Newfoundland and Labrador Film Development Corporation
Balance Sheet

March 31	2003	2002
Assets		
Current		
Cash and cash equivalents	$ 137,609	$ 21,710
Receivables	28,842	18,069
Prepaid expenses	9,980	12,422
	176,431	52,201
Capital assets (Note 3)	18,322	22,634
	$ 194,753	$ 74,835
Liabilities		
Current		
Payables and accruals	$ 29,129	$ 18,815
Equity Investment Program payables	102,600	-
Holdbacks payables – Equity Investment Program	43,497	18,371
	175,226	37,186
Shareholders' Equity		
Capital stock		
Authorized		
600 common shares of no par value		
Issued		
600 shares	3	3
Surplus	19,524	37,646
	19,527	37,649
	$ 194,753	$ 74,835

Commitments (Note 7)

On behalf of the Board

______________________ Director ______________________ Director

[illegible]

See accompanying notes to the financial statements.

Newfoundland and Labrador Film Development Corporation
Statement of Cash Flows

Year Ended March 31	2003	2002
Increase (decrease) in cash and cash equivalents		
Operating		
Net loss	$ (18,122)	$ (27,235)
Depreciation	5,977	8,021
	(12,145)	(19,214)
Change in non-cash operating working capital		
Receivables	(10,773)	20,984
Prepaid expenses	2,442	(8,133)
Payables and accruals	138,040	25,965
	117,564	19,602
Investing		
Purchase of capital assets	(1,665)	(2,628)
Net increase in cash and cash equivalents	115,899	16,974
Cash and cash equivalents		
Beginning of year	21,710	4,736
End of year	$ 137,609	$ 21,710

See accompanying notes to the financial statements.

1. Nature of Operations

The Newfoundland and Labrador Film Development Corporation was incorporated under the laws of the Province of Newfoundland and Labrador. The primary purpose of the Corporation is to promote the development of, and to stimulate employment and investment in, the Newfoundland film and video industry by providing financial and other assistance.

The Corporation has been designated by the Province's Finance Minister to administer the Newfoundland Film Tax Credit Program, including registration of productions, review of tax credit applications and recommendations to the Department of Finance.

The Corporation is exempt from paying income taxes under Section 149 of the Canadian Income Tax Act.

2. Significant accounting policies

The accounting policies of the Corporation are in accordance with Canadian generally accepted accounting principles except for the undernoted items:

(i) Program grants, loans and equity investments are charged to current expenditures as disbursed. Recoveries derived from equity investments are recorded as revenue when received. Recoveries of project development loans are offset against expenditures when received.

(ii) Costs incurred by Provincial government departments providing certain services to the Corporation are not reflected in these statements.

Use of estimates

In preparing the Corporation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Depreciation

Rates and bases of depreciation applied to write-off the cost of capital assets over their estimated useful lives are as follows:

Furniture and fixtures	20%, declining balance
Computer hardware	30%, declining balance

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

3. Capital assets

			2003	2002
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Furniture and fixtures	$ 20,048	$ 11,409	**$ 8,639**	$ 10,489
Computer hardware	30,441	20,758	**9,683**	12,145
	$ 50,489	$ 32,167	**$ 18,322**	$ 22,634

4. Federal and Provincial funding

Sources of Federal and Provincial funding are as follows:

	2003	2002
Canada-Newfoundland Comprehensive Economic Development Agreement (CEDA)	**$ 550,000**	$ 500,000
Canada-Newfoundland Agreement on Economic Renewal (ERA)	-	50,000
	$ 550,000	$ 550,000

5. Equity investments

Production assistance in the form of equity investment is provided to eligible producers for the financing of productions that will provide employment and economic benefit to Newfoundlanders and Labradorians. Equity investments are made with the condition of repayment through participation in revenue generated by projects. Revenue is recorded as received.

The total of these equity investments of the Corporation to March 31, 2003 was $3,516,975 (2002 - $2,584,797; 2001 - $1,770,781; 2000 - $662,506; 1999 - $149,065). Recoupment of $9,823 had been received to March 31, 2003.

6. Project development loans

The Corporation provides loans to qualified applicants to support the process of film and video development that takes an idea through the stages of research, writing, market analysis and costing. This work must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production. All project development loans are charged to current expenditures when disbursed.

Project development loans are interest free and are to be repaid on the earlier of the first day of principal photography or on the optioning, sale, or transfer of the property to a third party. Total development loans to March 31, 2003 were $749,542 (2002 - $509,756; 2001 - $323,342; 2000 - $179,393; 1999 - $70,324; 1998 - $73,625). Recoupment of $129,982 had been received to March 31, 2003.

7. Commitments

1) Because of the lead times required to obtain all the resources necessary to complete film and video productions, the Corporation approves applications for funding which will not result in program disbursements until subsequent fiscal periods.

   As at March 31, 2003, the Corporation was contractually committed to advance funds totalling $305,574 from the Equity Investment Program as investments and loans in respect of current and future projects.

2) The Corporation has entered into agreements to lease property, a motor vehicle, and equipment for the next four years as follows: 2004 - $49,143; 2005 - $4,393; 2006- $904; and 2007- $678.

8. Economic dependence

The Corporation is economically dependent on the Federal and Provincial governments for annual funding.

9. Financial instruments

Fair values of financial instruments are disclosed in the notes to financial statements where they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

10. Comparative figures

Certain of the comparative figures for March 31, 2002 have been reclassified to conform with the financial statement presentation adopted for the current year.

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Trustees
Newfoundland and Labrador Government Sinking Fund
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Government Sinking Fund as at 31 March 2003 and the statements of statutory contributions, retained earnings, revenue and expenditure, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financia statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
26 June 2003

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND

BALANCE SHEET

31 MARCH 2003

	2003 (000's)	2002 (000's)
ASSETS		
Current		
Cash	$ 84	$ 79
Term deposits and short-term investments, at cost	20,114	29,266
Interest and other receivables		
Province of Newfoundland and Labrador - guaranteed	12,950	16,195
Other	3,301	3,510
	36,449	49,050
Investments, at amortized cost (Schedule 1)		
Cost	651,046	815,212
Accumulated amortization of discounts and premiums	85,370	98,808
	736,416	914,020
	$772,865	$963,070
LIABILITIES AND SINKING FUND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 12	$ 11
Due to Province of Newfoundland and Labrador	207	105
	219	116
Sinking fund equity		
Statutory contributions (Statement 2)	442,672	519,548
Retained earnings (Statement 3)	329,974	443,406
	772,646	962,954
	$772,865	$963,070

See accompanying notes

Signed on behalf of the Board: ______________________ **Chairperson** ______________________ **Member**

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND

STATEMENT OF STATUTORY CONTRIBUTIONS

FOR THE YEAR ENDED 31 MARCH 2003

	2003 (000's)	2002 (000's)
Balance, beginning of year	$ 519,548	$ 593,999
Statutory contributions for the year	42,052	52,479
	561,600	646,478
Foreign currency translation adjustment	(12,956)	1,669
Statutory contributions applicable to redeemed debentures	(105,972)	(128,599)
Balance, end of year	$ 442,672	$ 519,548

See accompanying notes

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND

STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2003

	2003 (000's)	2002 (000's)
Balance, beginning of year	$ 443,406	$ 614,406
Excess of revenue over expenditure	70,435	78,088
	513,841	692,494
Foreign currency translation adjustment	(9,893)	1,381
Surplus sinking fund income returned to Province	(80,576)	(156,069)
Retained earnings applicable to redeemed debentures	(93,398)	(94,400)
Balance, end of year	$ 329,974	$ 443,406

See accompanying notes

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND

STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2003

	2003 (000's)	2002 (000's)
REVENUE		
Interest income		
Debentures	$56,443	$65,673
Term deposits and short-term investments	1,209	3,138
Other	13	24
	57,665	68,835
Amortization of discounts and premiums	10,624	9,464
Gain on redemption and sale of investments	2,463	85
	70,752	78,384
EXPENDITURE		
Salaries and benefits	195	177
General	122	119
	317	296
Excess of revenue over expenditure	$70,435	$78,088

See accompanying notes

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2003

	2003 (000's)	2002 (000's)
Cash flows from operating activities		
Excess of revenue over expenditure	$ 70,435	$ 78,088
Adjustments for non cash items		
Amortization of discounts and premiums	(10,624)	(9,464)
Gain on redemption and sale of investments	(2,463)	(85)
	57,348	68,539
Change in non-cash working capital	3,557	4,880
	60,905	73,419
Cash flows from investing activities		
Purchase of investments	(94,719)	(192,370)
Proceeds from redemption and sale of investments	153,339	230,144
Bonds and residuals cancelled on early call or maturity	111,453	107,617
Statutory contributions	42,052	52,479
Payment to Province on wind-up of CPP sinking funds	(120,548)	(219,558)
Payment to Province of excess on maturing debentures	(1,140)	(97)
Payment to redemption bank account on early call	(46,805)	(51,796)
Reduction in statutory payments on early call or maturity	(66,000)	(47,466)
Reduction in retained earnings on early call or maturity	(45,453)	(60,151)
Effect of foreign currency on statutory payments	(12,956)	1,669
Effect of foreign currency on retained earnings	(9,893)	1,381
Effect of foreign currency on investments	20,618	(2,542)
	(70,052)	(180,690)
Net decrease in cash and cash equivalents	(9,147)	(107,271)
Cash and cash equivalents, beginning of year	29,345	136,616
Cash and cash equivalents, end of year	$ 20,198	$ 29,345
Cash and cash equivalents include:		
Cash	$ 84	$ 79
Term deposits and short-term investments	20,114	29,266
	$ 20,198	$ 29,345

See accompanying notes

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND

SCHEDULE OF INVESTMENTS

31 MARCH 2003

	2003		2002	
	Face Value or Par (000's)	Amortized Cost (000's)	Face Value or Par (000's)	Amortized Cost (000's)
Canadian				
Province of Newfoundland and Labrador -guaranteed				
Province of Newfoundland and Labrador	$123,127	$126,845	$189,317	$198,695
Newfoundland and Labrador Municipal Financing Corporation	134,382	134,505	160,740	160,938
Newfoundland and Labrador Hydro	3,000	2,987	3,480	3,465
Coupons and residuals	197,309	134,445	245,751	169,949
	457,818	398,782	599,288	533,047
Other coupons and residuals	46,839	34,816	59,519	44,368
Other securities	41,578	41,800	75,293	75,712
	546,235	475,398	734,100	653,127
U.S.				
Province of Newfoundland and Labrador -guaranteed				
Province of Newfoundland and Labrador	150,645	168,051	162,388	182,467
Other securities	79,034	84,387	70,625	73,991
Other coupons and residuals	22,262	8,580	13,847	4,435
	251,941	261,018	246,860	260,893
Total investments	$798,176	$736,416	$980,960	$ 914,020

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

The Province of Newfoundland and Labrador issues debentures, most of which have sinking fund requirements. For debentures which have sinking fund requirements, the Province makes the required sinking fund payments (statutory contributions) to the Board of Trustees of the Newfoundland and Labrador Government Sinking Fund. This is an unincorporated body formed under the *Financial Administration Act*. All members of the Board are full-time employees of the Province and are appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Board in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Investment transactions

(i) Purchases: Investments are initially recorded at cost.

(ii) Amortization: Discounts and premiums are amortized on a straight-line basis from the dat of purchase until maturity.

(iii) Sales: Sales of investments are at a negotiated selling price. Sales are recorded a the proceeds less the investment's average amortized cost, with any resultin gain or loss also recorded.

(iv) Redemptions: On occasion, investments held in the Fund will be called for redemption b the issuer. In such instances, a gain is recorded equal to the redemptio proceeds less the investment's average amortized cost.

(b) Maturity of a Province of Newfoundland and Labrador debenture issue for which a sinking fund ha been provided

(i) General

Provision is made for redemption at debenture maturity by investing statutory contributions i interest bearing securities and other investments. Both the contributions and the interest ar used to pay debenture holders when debentures mature.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

1. Significant accounting policies (cont.)

(b) (i) General (cont.)

A record is maintained of statutory contributions received on account of each issue and of income allocated to each issue (retained earnings). The dollar total of an issue's statutory contributions and allocated income is called its Sinking Fund Value.

At maturity, statutory contributions are reduced by the total amount of statutory contributions received over the life of the issue. Retained earnings are reduced by the excess of the debenture's Sinking Fund Value over statutory contributions received.

(ii) Cash flow

At maturity, cash is paid into a redemption bank account in an amount equal to the lesser of the total face value of the issue or the Sinking Fund Value of the issue, less the face value of the issue held in the Fund's Investments. If the issue's Sinking Fund Value exceeds the total face value, the excess is paid to the Consolidated Revenue Fund of the Province of Newfoundland and Labrador. If the issue's Sinking Fund Value is less than the total face value, the difference is paid into the redemption bank account by the Province.

The Province of Newfoundland and Labrador has an option, pursuant to amendments to the Canada Pension Plan enacted by the *Canada Pension Plan Investment Board Act*, to refinance maturing Canada Pension Plan borrowings for a final twenty year term, provided sufficient monies are available in the Canada Pension Plan Investment Fund. As a result, the Province has enacted legislation stating that sinking funds not required to redeem an issue of securities may be paid into the Consolidated Revenue Fund of the Province of Newfoundland and Labrador as the Lieutenant-Governor in Council may direct. During the year, $120,548,000 (2002 - $219,558,000) in sinking funds related to Canada Pension Plan borrowings were paid into the Consolidated Revenue Fund as directed by Lieutenant-Governor in Council. An additiona $52,104,000 (2002 - $52,376,000) in matured borrowings was refinanced for a final twenty yea term.

(c) Interest income

Interest income is recorded on an accrual basis.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

1. Significant accounting policies (cont.)

(d) Foreign exchange translation

Assets, liabilities, revenues and expenditures denominated in U.S. currency are translated as follows

(i) assets and liabilities are translated at the rate of exchange in effect at the balance sheet date; an
(ii) revenues and expenditures are translated at the rate of exchange in effect on the dates on whic such items are recognized in income during the year, or an average of such.

Foreign currency translation adjustments arising from the translation of U.S. amounts in the financia statements are deferred and shown as separate components of the sinking fund equity. These gain or losses are unrealized and it is intended that they will remain so since it is not the intention of th Fund that these U.S. funds will ever actually be converted to Canadian dollars.

2. Related party transactions

The Newfoundland and Labrador Government Sinking Fund and the Province absorb all of the operatin costs, with the exception of banking and custodial fees, of the Newfoundland and Labrador Municipa Financing Corporation Sinking Fund, which is administered by the same Board as the Newfoundland an Labrador Government Sinking Fund.

3. Financial instruments

The Newfoundland and Labrador Government Sinking Fund's short-term financial instruments recognize on the balance sheet consist of cash, term deposits and short-term investments, interest and other receivables accounts payable and accrued liabilities and due to Province of Newfoundland and Labrador. The carryin values of these instruments approximate fair value due to the short-term maturity associated with th instruments.

The Fund holds long-term investments which have an amortized cost of $736,416,000 (2002 $914,020,000). The face value of these investments is $798,176,000 (2002 - $980,960,000). The polic and intention of the Board is to hold these long-term investments to maturity. Therefore, their reported valu is current fair value to the Corporation and there is no rate risk associated with these investments.

4. Income taxes

The Newfoundland and Labrador Government Sinking Fund is a Crown entity of the Province Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

5. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

NEWFOUNDLAND AND LABRADOR HERITAGE CORPORATION

FINANCIAL STATEMENT

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador
Heritage Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Heritage Corporation as at 31 March 2003. This financial statement is the responsibility of the Corporation's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this financial statement presents fairly, in all material respects, the financial position of the Corporation as at 31 March 2003 in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
18 June 2003

NEWFOUNDLAND AND LABRADOR HERITAGE CORPORATION

BALANCE SHEET

As at 31 March 2003

	2003 $	2002 $
ASSETS		
Current Assets		
Harmonized Sales Tax receivable	1,592,319	440,294
Capitalized work-in-progress (see Schedule)	33,136,490	12,147,713
TOTAL ASSETS	34,728,809	12,588,007
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	1,511,592	2,209,144
Holdbacks payable	2,643,706	688,540
Bank overdraft (Note 2)	30,573,511	9,690,323
	34,728,809	12,588,007
Equity		
Share capital (Note 3)	-	-
TOTAL LIABILITIES AND EQUITY	34,728,809	12,588,007

See accompanying notes

Signed on behalf of the Board

Chairperson

Member

NEWFOUNDLAND AND LABRADOR HERITAGE CORPORATION

NOTES TO FINANCIAL STATEMENT

31 March 2003

Authority

The Newfoundland and Labrador Heritage Corporation (the Corporation) was incorporated on 23 December 1999 under the *Corporations Act* of the Province of Newfoundland and Labrador. The Province holds the single issued common share. The affairs of the Corporation are managed by a board of directors (the Board) appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland and Labrador.

The objective of the Board is to organize, promote and co-ordinate the design, construction and financing of a facility to accommodate an art gallery, museum and archives ("The Rooms") at St. John's.

1. Significant Accounting Policies

This financial statement has been prepared by the Board in accordance with generally accepted accounting principles based on the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Outlined below is the significant accounting policy followed.

Capitalization of Construction Costs

Capital assets are recorded at cost. Direct construction costs, overhead costs directly attributable to construction and interest costs are capitalized. Amortization is not charged on capitalized work-in-progress.

2. Bank Overdraft

The Corporation has obtained a bank line of credit not to exceed $47,500,000, with an annual interest rate of prime less 1.22%. No repayments of principal or interest are due earlier than the end of April 2004, at which time the amount outstanding will convert to a demand facility.

Government has provided the bank with a guarantee for the full amount of any balance outstanding.

3. Share Capital

Share capital consists of

Authorized
100 common shares of no par value

Issued and Outstanding
1 common share

Pursuant to the direction of the Lieutenant-Governor in Council, the Minister of Tourism, Culture and Recreation holds one share on behalf of the Province of Newfoundland and Labrador.

NOTES TO FINANCIAL STATEMENT (CONTINUED)

31 March 2003

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4. Related Party Transactions

The Corporation is administered by employees of Executive Council, the Department of Works, Services and Transportation and the Department of Tourism, Culture and Recreation. Costs of administration are paid directly by the departments and are reimbursed by the Corporation.

5. Commitments

The Corporation has entered into contracts representing commitments of $8,579,516 for work which was not performed as of 31 March 2003.

6. Financial Instruments

The Corporation's financial instruments recognized on the balance sheet consist of Harmonized Sales Tax receivable, bank overdraft, accounts payable and accrued liabilities, and holdbacks payable, the carrying values of which approximate fair value due to the short-term maturity or current value associated with these instruments.

7. Economic Dependence

As a result of its reliance on future transfers from the Government of Newfoundland and Labrador to ultimately finance its bank debt and costs, the Corporation's ability to continue is dependent upon the decisions of Government.

8. Presentation

Due to the nature and extent of the Corporation's activities during the period, inclusion of a statement of revenue and expenditure was not considered applicable as all transactions were capital in nature. As well, no statement of cash flows was included since the required cash flow information is readily apparent from the balance sheet.

9. Income Taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND AND LABRADOR HERITAGE CORPORATION

Schedule of Capitalized Work-In-Progress

As at 31 March 2003

	2003 $	2002 $
The Rooms		
Construction, Site Preparation and Excavation	26,859,481	7,324,521
Consultant's Fees	2,599,456	2,274,667
Archaeological Investigation	1,165,608	1,163,414
Capitalized Interest	939,460	399,847
Exhibitions	642,625	300,506
Relocation - Seniors Centre	614,316	532,905
Project Services - Department of Works, Services and Transportation	308,304	144,673
Administration	7,240	7,180
Total Capitalized work-in-progress	33,136,490	12,147,713

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador Housing Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of Newfoundland and Labrador Housing Corporation as at 31 March 2003 and the statements of revenue and expense, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
20 June 2003

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

BALANCE SHEET

31 MARCH 2003

	2003 (000's)	2002 (000's)
ASSETS		
Cash	$ 4	$ 6
Accounts receivable (Note 2)	3,520	3,683
Due from Canada Lands Corporation (CLC)	4	575
Due from Canada Mortgage and Housing Corporation (CMHC)	667	-
Due from Province of Newfoundland and Labrador (Note 3)	6,288	6,396
Inventory and prepaid expenses (Note 4)	3,032	3,137
Mortgages and loans receivable (Note 5)	42,668	58,435
Receivable from municipalities re: land transfers (Note 6)	3,643	3,099
Repossessed units (Note 7)	87	170
Land assemblies (Note 8)	8,404	11,952
Rental properties (Note 9)	242,958	249,047
Capital assets (Note 10)	6,404	6,738
	$317,679	$343,238
LIABILITIES AND EQUITY		
Bank loan	$ 3,042	$ 3,924
Accounts payable and accrued liabilities	7,897	7,220
Due to Canada Mortgage and Housing Corporation (CMHC)	-	226
Deferred revenue (Note 11)	2,269	1,988
Capital replacement fund (Note 12)	7,362	6,767
Mortgage insurance fund (Note 13)	2,654	2,724
Mortgages, debentures and similar indebtedness (Note 14)	60,381	79,367
CMHC investment in cost-shared programs (Note 15)	171,006	178,020
Canada Lands Corporation investment in land (Note 16)	207	141
	254,818	280,377
Equity - Province of Newfoundland and Labrador	62,861	62,861
	$317,679	$343,238

Contingent liabilities (Note 17)

See accompanying notes

Signed on behalf of the Board:

Chairperson

Member

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

STATEMENT OF REVENUE AND EXPENSE

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
	(000's)	(000's)
REVENUE		
Canada Mortgage and Housing Corporation (Note 19)	$ 58,410	$ 59,867
Rent	20,416	20,375
Interest	10,362	13,422
Province of Newfoundland and Labrador operating grant (Note 3)	9,868	8,522
Land assembly sales	3,935	6,436
Gain on sale of rental properties	293	-
Other income	170	177
	$103,454	$108,799
EXPENSE		
CLC share of land assembly profits	$ -	$ 501
CMHC share of interest revenue	4,886	5,323
Grants to homeowners	5,833	8,701
Grants to non-profit groups	9,111	8,986
Interest and bank charges	1,290	3,079
Land assembly costs (Note 8)	3,887	5,856
Losses on mortgages, loans and repossessions	833	1,198
Loss on sale of rental properties	-	267
Mortgage subsidies	2,468	2,705
Net administration (Note 20)	15,890	15,484
Rent supplement subsidies	3,366	3,355
Rental unit expenses (Note 21)	55,890	53,344
	$103,454	$108,799

See accompanying notes

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2003

	2003 (000's)	2002 (000's)
Cash flows from operating activities:		
Non-cash items		
Mortgage subsidies	$ 2,468	$ 2,705
Losses on mortgages, loans and repossessions	833	1,198
Amortization of rental properties	5,673	4,944
Amortization of Northern Coastal Labrador Housing Program	535	260
Market value write-down of rental properties	82	113
Loss (Gain) on sale of rental properties and capital assets	(377)	154
Amortization of capital assets	642	747
Canada Lands Corporation portion of non-cash items	-	511
CMHC portion of non-cash items	1,236	1,099
	11,092	11,731
Net change in other operating items	4,675	3,343
	15,767	15,074
Cash flows from investing activities:		
Advances of mortgages and loans	(1,825)	(2,929)
Principal recoveries of mortgages and loans	14,374	47,463
Investment in rental properties	(393)	(1,818)
Sale of rental properties	1,104	413
Investment in capital assets	(308)	(283)
Labrador Housing Programs	(669)	(3,288)
	12,283	39,558
Cash flows from financing activities:		
Advances from mortgages, debentures, and similar indebtedness	1,481	1,701
Repayments of mortgages, debentures, and similar indebtedness	(20,467)	(46,780)
Increase in CLC investment in cost-shared programs	242	720
Increase in CMHC investment in cost-shared programs	1,382	2,297
Repayments of CLC investment in cost-shared programs	(176)	(3,284)
Repayments of CMHC investment in cost-shared programs	(9,632)	(8,952)
	(27,170)	(54,298)
Decrease in bank loan less cash	880	334
Bank loan less cash, beginning of year	(3,918)	(4,252)
Bank loan less cash, end of year	$ (3,038)	$ (3,918)

See accompanying notes

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

The Newfoundland and Labrador Housing Corporation (the Corporation) operates under authority of the *Housing Corporation Act*. The purpose of the Corporation is to provide cost-effective housing and related programs for the benefit of the residents of the Province with priority given to those most in need. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Mortgages and loans receivable

An allowance for mortgages and loans impairment is estimated based on the value of accounts referred to a collection agency and the accounts with reported arrears balances. The security and source of funding for the accounts that are in arrears are considered in this estimation.

(b) Repossessed units

Repossessed units are valued at the lower of cost and net realizable value based on appraised values and the estimated recovery of cost through social housing rental programs.

(c) Land assemblies

Land assemblies are valued at the lower of cost and net realizable value. Items capitalized as the cost of land assemblies include land acquisition costs, development costs and interest.

Land assembly sales are recognized as earned. A portion of the sales revenue is deferred to cover future anticipated costs relative to the land sold. The percentage of revenue deferred is equal to the percentage of cost to complete on a project by project basis.

1. Significant accounting policies (cont.)

(d) Rental properties

Rental properties are valued at the lower of cost less accumulated amortization and net recoverable amount. Items capitalized as the cost of a project include land acquisition costs, development and construction costs, interest and other related carrying charges. In instances where properties have been transferred from government departments, costs have been recorded at $1. Amortization is calculated using the methods described below based on the expected future useful life of all assets as follows:

Non-profit housing	
- Capital cost	Sinking fund, 25-50 years
- Renovation costs	Sinking fund, 15 years
Market housing	
- Capital cost	2% declining balance
- Renovation costs	Straight line, 15 years

(e) Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization is calculated using the methods described below based on the expected future useful life of all assets as follows:

Office buildings	2% declining balance
Furniture and office equipment	Straight line, 10 years
Computer hardware	Straight line, 3 years
Computer software	Straight line, 10 years
Vehicles	Straight line, 5 years

(f) Severance pay

Severance pay is calculated based upon years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service. The amount is payable when the employee ceases employment with the Corporation unless the employee transfers to another entity in the public service, in which case the liability is transferred with the employee to the other entity.

2. Accounts receivable

	2003 (000's)	2002 (000's)
Land sales, net of allowance for cancellations of $1,936,195 (2002 - $2,107,611)	$2,596	$2,429
Rents	240	387
Miscellaneous	844	1,139
	3,680	3,955
Less: allowance for doubtful accounts	160	272
	$3,520	$3,683

3. Due from (to) Province of Newfoundland and Labrador

	2003 (000's)	2002 (000's)
Operating grant surpluses - Note 3(a)	$ (338)	$ (96)
Northern Coastal Labrador Housing Program - Note 3(b)	6,626	6,492
	$6,288	$6,396

(a) The Due from (to) Province of Newfoundland and Labrador account is charged with operating deficits incurred by the Corporation and credited with the annual grant voted by the Legislature. This treatment has resulted in a surplus of operating grants over operating deficits of $338,000 as follows:

	2003 (000's)	2002 (000's)
Due from (to) Province, beginning of year	$ (96)	$ 317
Grant voted	(10,110)	(8,935)
Operating grant required	9,868	8,522
Increase in amount due to Province	(242)	(413)
Due to Province, end of year	$ (338)	$ (96)

(b) In March 2000, the Province directed the Corporation to fund the renovation of existing dwellings and construction of new dwellings in Northern Coastal Labrador. Under this initiative, title to the dwellings is held by the homeowners with the Province repaying the renovation and construction costs over a 15 year period.

4. Inventory and prepaid expenses

	2003 (000's)	2002 (000's)
Inventory	$ 347	$ 399
Prepaid expenses	2,685	2,738
	$ 3,032	$ 3,137

5. Mortgages and loans receivable

	2003 (000's)	2002 (000's)
Subsidized mortgages to homeowners	$21,189	$24,758
Residential Rehabilitation Assistance Program loans	16,200	18,505
Provincial Home Repair Program	7,594	7,134
Other mortgages and loans	2,519	7,591
Mortgages to non-profit sponsors	-	4,994
	47,502	62,982
Less: allowance for impaired accounts	4,834	4,547
	$42,668	$58,435

The allowance for impaired mortgages and loans relates primarily to the Residential Rehabilitation Assistance Program loans portfolio.

6. Receivable from municipalities re: land transfers

In September 1998, the Province directed the Corporation to enter into agreements with municipalities to transfer its banked and developed industrial and commercial land. The agreements will transfer these lands to the municipalities under a mortgage arrangement and provide for a share of future land sales revenue to the Corporation.

As agreements are completed, the associated land is transferred from the land assemblies asset account and recorded as a receivable from municipalities re: land transfers. The receivable is valued at the lower of the carrying value of the land at the date of transfer and the Corporation's share of the net realizable value of the land as outlined in the agreement. The estimated net realizable value is determined using management's best estimates of future sales. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates are not predictable. Consequently, adjustments to the carrying value of the receivable from municipalities re: land transfers are possible depending upon the impact of any changes and management's best estimate of them.

As of 31 March 2003, twenty agreements have been completed for the transfer of lands to municipalities at a carrying value of $3,643,000 (2002 - $3,099,000).

7. Repossessed units

	2003 (000's)	2002 (000's)
Repossessed units	$ 250	$ 498
Less: allowance for impairment	163	328
	$ 87	$ 170

8. Land assemblies

	2003 (000's)	2002 (000's)
Land assemblies, beginning of year	$11,952	$16,274
Costs incurred during the year:		
Land acquisition and development	579	1,204
Interest, capitalized	534	559
	13,065	18,037
Less: land transferred to municipalities	(774)	(229)
	12,291	17,808
Less land assembly costs recognized during year:		
Cost of earned sales	(3,887)	(5,856)
Land assemblies, end of year	$ 8,404	$11,952

Land assemblies are valued at the lower of cost and net realizable value. The estimated net realizable value is determined using management's best estimates of future sales and costs. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates, are not predictable. Consequently, material adjustments to the carrying value of the asset are possible depending upon the impact of any changes and management's best estimate of them. In September of 1998, the Province directed the Corporation to divest of the majority of its land holdings.

9. Rental properties

	2003			2002
	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)	Net Book Value (000's)
Non-profit housing				
- Capital cost	$272,259	$38,461	$233,798	$239,697
- Renovation costs	4,930	560	4,370	4,352
Market housing				
- Capital cost	6,939	2,338	4,601	4,765
Leased land	189	-	189	233
	$284,317	$41,359	$242,958	$249,047

10. Capital assets

	2003			2002
	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)	Net Book Value (000's)
Office buildings	$7,494	$2,110	$5,384	$5,562
Furniture and office equipment	2,502	2,010	492	552
Vehicles	1,907	1,379	528	624
	$11,903	$5,499	$6,404	$6,738

11. Deferred revenue

	2003 (000's)	2002 (000's)
Land sales	$ -	$1,057
Rentals	985	931
CMHC funding - PHRP	1,000	-
CMHC funding - SEP	284	-
	$2,269	$1,988

Land sales represents the portion of land sales that has been deferred to cover related future land assembly costs.

Rentals consist of rental payments received by the Corporation in advance of the due dates.

CMHC funding - PHRP represents funding related to the Provincial Home Repair Program (PHRP) to cover commitments at year end, budgeted to be paid in the next fiscal year.

CMHC funding - SEP represents prepayment for the Shelter Enhancement Program (SEP).

12. Capital replacement fund

In accordance with program guidelines for non-profit and urban native housing projects, sponsor groups are required to set aside funds for the replacement of major capital items. The management and control of the funds for a significant number of project sponsors has been assumed by the Corporation. These funds accrue interest at the Corporation's 30 day bankers acceptance rate less ½ of one percent. The funds are held on behalf of the project sponsors and are released as eligible capital replacement expenditures are incurred.

Transactions relating to the capital replacement fund during the year are as follows:

	2003 (000's)	2002 (000's)
Balance, beginning of year	$6,767	$ 6,098
Annual funding provisions	552	552
Interest accrued during the year	181	230
Replacement reserve funds remitted by sponsors	78	53
Capital replacement expenditures	(216)	(166)
Balance, end of year	$7,362	$ 6,767

13. Mortgage insurance fund

Upon signing the Canada - Newfoundland Social Housing Agreement (see Note 19), the Corporation assumed liability for all losses and costs that may be incurred in respect of a portfolio of loans that are owned and were previously insured by Canada Mortgage and Housing Corporation (CMHC). In return, CMHC provided the Corporation with a $3,000,000 mortgage insurance fund as protection against future losses. Losses on loans and associated expenditures are deducted from the fund, while interest earnings are added to the fund.

	2003 **(000's)**	2002 (000's)
Balance, beginning of year	**$2,724**	$2,973
Losses for the year	**(130)**	(341)
Accrued interest earned	**60**	92
Balance, end of year	**$2,654**	$2,724

The fund covers a portfolio of federal loans totalling $181,340,000. The majority of these loans relate to either Social Housing projects that receive significant federal/provincial annual operating subsidies or nursing home accommodations with Provincial Government guarantees. While an independent actuarial valuation of the fund has not been carried out, the fund is considered adequate by the Corporation's management.

14. Mortgages, debentures and similar indebtedness

	2003 **(000's)**	2002 (000's)
With fixed terms of repayment		
(a) CMHC fixed rate term debentures, at an interest rate of 6.22% repayable in blended annual instalments of $2,483,256, with due dates ranging from December 2021 to January 2030	**$29,951**	$30,583
(b) Canadian Imperial Bank of Commerce demand loan, at the prime rate less 0.5% repayable in blended annual instalments of $667,000, with due dates ranging from December 2010 to December 2011	-	7,262
(c) Canadian Imperial Bank of Commerce fixed rate bankers acceptances, at an interest rate of 3.67%, due on 9 May 2003	**20,430**	27,692

14. Mortgages, debentures and similar indebtedness (cont.)

(d) Canadian Imperial Bank of Commerce fixed term demand loan at an interest rate of 7.75%, with interest instalments due monthly and total principal balance due February 2009	10,000	10,000
(e) Canadian Imperial Bank of Commerce fixed term loan, at an interest rate of 6.31% repayable in blended monthly payments of $40,745, due January 2013	-	3,830
	$60,381	$79,367

Principal repayments for the next five years on the $60,381,000 of debt with fixed terms of repayment are as follows:

	(000's)
2004	$21,101
2005	$ 712
2006	$ 757
2007	$ 805
2008	$ 856

15. CMHC investment in cost-shared programs

	2003 (000's)	2002 (000's)
Non-profit rental housing	$ 92,807	$ 93,564
Rural and native housing	64,176	69,078
Home repair assistance	14,023	15,378
	$171,006	$178,020

The principal and interest payments required to amortize CMHC's investment in non-profit rental housing and rural and native housing is funded entirely through the annual federal grant paid by CMHC, pursuant to the Canada - Newfoundland Social Housing Agreement signed in April 1997 (see Note 19).

15. CMHC investment in cost-shared programs (cont.)

Repayment of CMHC's investment in the home repair assistance programs has no fixed terms and is dependant upon future repayments of principal and interest on mortgages and loans.

16. Canada Lands Corporation investment in land

On 14 December 1998, Canada Lands Corporation (CLC) acquired Canada Mortgage and Housing Corporation's interest in the Mount Pearl-Newtown land assembly. Repayment of this investment has no fixed term and is dependent on future land sales.

17. Contingent liabilities

(a) Claims have been filed against the Corporation for:

(i) General damages related to the enforcement of a Sales and Development Agreement for a shopping mall complex;

(ii) $100,000 relating to funds withheld from a contractor for deficiencies on houses constructed. This claim was filed by the contractor against both the Corporation (the mortgagee) and the homeowners of the houses;

(iii) General damages related to an alleged breach of contract relating to the sale of an apartment and commercial complex property; and

(iv) $250,000 related to an alleged wrongful dismissal of a former employee.

The above claims have not progressed far enough to enable the formation of a definite opinion as to their outcome; thus, the likelihood and the amount of loss to the Corporation is not determinable at this time.

(b) The Corporation has provided guarantees on outstanding mortgage balances totalling $1,097,000 for qualifying homeowners. Presently the probability of loss resulting from these guarantees is unlikely.

(c) In 1996, the Corporation learned that possible environmental liabilities exist with respect to potential large quantities of fuel left in abandoned fuel storage facilities in the Stephenville area. The Corporation has removed some of the underground tanks and fuel lines and has undertaken some further study. To date, expenditures related to this work total $2,600,000. As well, based on the studies completed to date, further remediation costs are estimated to total $10,000,000.

17. Contingent liabilities (cont.)

(d) In 1998, the Corporation learned that possible environmental liabilities exist with respect to environmental contaminants including hydrocarbons and various heavy metals in the soil and groundwater on 20 hectares of the total 102 hectares in the Paradise area. Title to this site had been transferred to the Town of Paradise during 1998-99 as part of the Corporation's land divestiture program; however, the Corporation will be liable for any costs that must be incurred to clean up the site. Information received from a study completed in January 2000 indicates the estimated costs of undertaking site remediation based on the information to date is in the order of $6,000,000.

(e) During 1999, the Corporation learned of possible environmental liabilities relating to 16 underground fuel tanks in its Buckmaster's Circle rental property. As a result of an environmental study conducted in 2000, the cost of environmental remediation related to this property is estimated at $1,000,000. To date, expenditures related to this work total $309,000.

(f) During 1999, the Corporation learned of possible environmental liabilities relating to 70 underground fuel tanks in some of its rental properties throughout the Province. Further study is required to determine the scope and extent of the environmental remediation required.

18. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of cash, accounts receivable, due from Canada Lands Corporation, due from Canada Mortgage and Housing Corporation, due from Province of Newfoundland and Labrador, bank loan and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to the short-term financial instruments.

The Corporation's long-term financial instruments recognized on the balance sheet consist of mortgages and loans receivable, receivable from municipalities re: land transfers, and mortgages, debentures and similar indebtedness. Any estimated impairment of mortgages and loans receivable and receivable from municipalities re: land transfers is provided for through an allowance for impaired accounts and no further credit risk exists for these long-term receivables. Interest rates on the majority of mortgages and loans receivable and on mortgages, debentures and similar indebtedness are fixed to maturity. Therefore, the carrying values of these long-term financial instruments approximate their fair value and these instruments are not subject to any material interest rate risk.

19. Revenue from Canada Mortgage and Housing Corporation

CMHC's share of program subsidies and administration costs are as follows:

	2003 (000's)	2002 (000's)
1997 Canada-Newfoundland Social Housing Agreement	$54,798	$55,151
Provincial Home Repair Program	3,066	3,921
Residential Rehabilitation Assistance Program	526	770
Mortgages	20	25
	$58,410	$59,867

On 22 April 1997, the Corporation signed the Canada-Newfoundland Social Housing Agreement with Canada Mortgage and Housing Corporation (CMHC) replacing all existing social housing program agreements between the two parties relating to social housing programs, with the exception of certain loan and mortgage programs.

20. Net administration

	2003 (000's)	2002 (000's)
Advertising and promotion	$ 60	$ 45
Computer system costs	1,192	1,134
General	348	353
Office equipment leases	70	69
Office equipment purchases	44	45
Office supplies	161	156
Rent, heat, light, cleaning and maintenance	1,278	1,375
Salaries and employee benefits	12,000	11,801
Telephone and postage	376	411
Travel and vehicle costs	396	415
Total administration	15,925	15,804
Less: recharged to capital projects	35	320
Net administration	$15,890	$15,484

21. Rental unit expenses

	2003 (000's)	2002 (000's)
Amortization	$ 5,673	$ 4,944
Bad debts	180	289
Heat, light and operating	9,229	8,262
Interest on long term debt	23,450	24,170
Municipal taxes	4,623	3,812
Repairs and maintenance	12,735	11,867
	$55,890	$53,344

22. Commitments

The Corporation has commitments totalling $3,361,000 comprised of uncompleted purchase and construction contracts at year end of $1,808,000 and commitments under lending programs of $1,553,000.

23. Pensions

Under the *Housing Corporation Act*, Corporation staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Corporation and remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension contributions for 2003 was $875,000 (2002 - $806,000).

24. Self-insurance

With the exception of certain high-risk projects, the Corporation follows the policy of self-insuring its rental properties for property damage such as fire, water and vandalism. The costs of these repairs are charged to rental unit expenses.

25. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue to fulfil its mandate is dependent upon the decisions of the Province of Newfoundland and Labrador.

26. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

NEWFOUNDLAND AND LABRADOR HYDRO
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2002

AUDITORS' REPORT

To the **Lieutenant-Governor in Council**
Province of Newfoundland and Labrador

We have audited the consolidated balance sheet of **Newfoundland and Labrador Hydro** as at December 31, 2002 and the consolidated statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by The Hydro Corporation Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

St. John's, Newfoundland and Labrador,
Canada,
February 14, 2003.

Ernst & Young LLP
Chartered Accountants

NEWFOUNDLAND AND LABRADOR HYDRO
CONSOLIDATED BALANCE SHEET

As at December 31 (millions of dollars)	**2002**	2001 (Note 2)
ASSETS		
Capital assets (Note 3)		
Capital assets in service	**2,604.7**	2,566.8
Less contributions in aid of construction	**108.9**	109.9
	2,495.8	2,456.9
Less accumulated depreciation	**745.7**	707.6
	1,750.1	1,749.3
Construction in progress	**154.6**	88.7
	1,904.7	1,838.0
Current assets		
Cash and cash equivalents	**0.2**	1.1
Short-term investments	**-**	4.0
Accounts receivable	**62.0**	56.4
Current portion of rate stabilization plan	**-**	21.1
Current portion of long-term receivable (Note 4)	**27.5**	10.3
Fuel and supplies at average cost	**48.0**	46.3
Prepaid expenses	**2.5**	2.0
	140.2	141.2
Long-term receivables (Note 4)	**110.6**	33.1
Sinking funds (Note 10)	**48.7**	42.7
Investments (Note 5)	**5.2**	5.2
Rate stabilization plan	**20.5**	63.9
Deferred charges (Note 7)	**89.4**	100.1
	2,319.3	2,224.2

See accompanying notes

NEWFOUNDLAND AND LABRADOR HYDRO
CONSOLIDATED BALANCE SHEET

As at December 31 (millions of dollars)	**2002**	2001 (Note 2)
LIABILITIES AND SHAREHOLDER'S EQUITY		
Long-term debt (Note 8)	**1,354.9**	1,156.7
Current liabilities		
Bank indebtedness	**4.4**	2.1
Short-term borrowing	**3.3**	-
Accounts payable and accrued liabilities	**59.3**	48.7
Accrued interest	**27.7**	25.5
Long-term debt due within one year (Note 8)	**50.2**	146.3
Promissory notes (Note 8)	**181.5**	138.0
	326.4	360.6
Employee future benefits (Note 9)	**29.6**	28.5
Non-controlling interest in LCDC	**14.8**	14.8
Shareholder's equity		
Share capital		
Common shares of par value of $1 each Authorized 25,000,000 shares; issued 22,503,942 shares	**22.5**	22.5
Contributed capital (Note 5)		
Lower Churchill Development	**15.4**	15.4
Muskrat Falls Project	**2.2**	2.2
Gull Island Project	**100.0**	100.0
Retained earnings	**453.5**	523.5
	593.6	663.6
Commitments and contingencies (Note 12)	**-**	-
	2,319.3	2,224.2

See accompanying notes

On behalf of the Board:

DIRECTOR

DIRECTOR

NEWFOUNDLAND AND LABRADOR HYDRO
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

Year ended December 31 (millions of dollars)	2002	2001 (Note 2)
Revenue		
Energy sales	**399.6**	374.8
Recovery of costs in rate stabilization plan	**14.0**	11.2
Guaranteed winter availability	**9.5**	7.5
Rentals and royalties	**0.3**	0.3
Other	**4.2**	3.3
	427.6	397.1
Expenses		
Operations and administration	**125.8**	119.1
Fuels	**73.2**	50.2
Amortization of costs in rate stabilization plan	**14.0**	11.2
Power purchased	**15.8**	15.6
Depreciation	**43.0**	44.5
Interest (Note 11)	**97.8**	102.5
	369.6	343.1
Net income	**58.0**	54.0
Retained earnings, beginning of year, as previously reported	**528.6**	528.5
Less CF(L)Co foreign exchange loss (Note 2)	**5.1**	5.7
Retained earnings, as restated	**523.5**	522.8
Dividends	**128.0**	53.3
Retained earnings, end of year	**453.5**	523.5

See accompanying notes

NEWFOUNDLAND AND LABRADOR HYDRO
CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31 (millions of dollars)	2002	2001 (Note 2)
Cash provided by (used in)		
Operating activities		
Income before non-controlling interest	58.0	54.0
Adjusted for items not involving a cash flow		
Depreciation	43.0	44.5
Amortization of deferred charges	4.0	1.6
Rate stabilization plan	64.5	(49.4)
Other	-	3.8
Foreign exchange (gain) loss	(0.1)	0.5
	169.4	55.0
Change in non-cash balances related to operations		
Accounts receivable	(5.6)	(2.3)
Fuel and supplies	(1.7)	2.7
Prepaid expenses	(0.5)	0.5
Accounts payable and accrued liabilities	11.8	6.2
Accrued interest	2.2	(1.2)
Employee future benefits	1.1	1.4
Long-term receivable	(104.8)	2.6
	71.9	64.9
Financing activities		
Long-term debt issued	250.0	250.0
Long-term debt retired	(138.1)	(185.9)
Foreign exchange loss recovered	8.5	7.8
Increase in short-term borrowing	3.3	-
Increase in promissory notes	43.5	17.2
Dividends	(128.0)	(53.3)
	39.2	35.8
Investing activities		
Net additions to capital assets	(109.7)	(94.9)
Decrease in short-term investments	4.0	0.1
Increase in sinking funds	(14.1)	(11.5)
Decrease in investments	-	4.1
Reductions (additions) to deferred charges	6.7	(2.0)
Change in accounts payable related to investing activities	(1.2)	7.4
	(114.3)	(96.8)
Net (decrease) increase in cash	(3.2)	3.9
Cash position, beginning of year	(1.0)	(4.9)
Cash position, end of year	(4.2)	(1.0)
Cash position is represented by		
Cash and cash equivalents	0.2	1.1
Bank indebtedness	(4.4)	(2.1)
	(4.2)	(1.0)
Supplementary disclosure of cash flow information		
Interest income received	1.7	2.3
Interest paid	104.1	106.6

See accompanying notes

NEWFOUNDLAND AND LABRADOR HYDRO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Newfoundland and Labrador Hydro ("Hydro") is incorporated under a special act of the Legislature of the Province of Newfoundland and Labrador (the "Province") as a Crown corporation and its principal activity is the development, generation and sale of electric power. Hydro and its subsidiary and jointly controlled companies, other than Twin Falls Power Corporation Limited, are exempt from paying income taxes under Section 149 (1) (d) of the Income Tax Act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and to conform with recommendations of the Board of Commissioners of Public Utilities ("PUB") of the Province.

Preparation of these consolidated financial statements requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Actual results may differ from these estimates.

Rates and Regulations (Excluding Sales by Subsidiaries)

Hydro's earnings from its electrical sales to most customers within the Province are regulated on the basis of return on rate base. As well, Hydro's borrowing and capital expenditure programs are subject to review and approval by the PUB.

Rates charged rural customers do not recover the full costs of providing the service but Hydro recovers the resulting deficit from other customers.

Principles of Consolidation

The consolidated financial statements include the financial statements of Hydro and its subsidiary companies, Gull Island Power Company Limited ("GIPCo"), (100% owned) and Lower Churchill Development Corporation Limited ("LCDC"), (51% owned).

Effective June 18, 1999, Hydro, Churchill Falls (Labrador) Corporation Limited ("CF(L)Co") and Hydro-Québec entered into a shareholders' agreement which provided, among other matters, that certain of the strategic operating, financing and investing policies of CF(L)Co be subject to approval jointly by representatives of Hydro and Hydro-Québec. Although Hydro retains its 65.8% ownership interest, the agreement changed the nature of the relationship between Hydro and Hydro-Québec, with respect to CF(L)Co, from that of majority and minority shareholders, respectively, to that of joint venturers. Accordingly, Hydro has adopted the proportionate consolidation method of accounting for its interest in CF(L)Co subsequent to the effective date of the shareholders' agreement.

CF(L)Co is incorporated under the laws of Canada and has completed and commissioned a hydroelectric generating plant and related transmission facilities situated in Labrador which has a rated capacity of 5,428,000 kilowatts ("CF(L)Co Project"). A power contract with Hydro-Québec, dated May 12, 1969 ("Power Contract") provides for the sale of substantially all the energy from the CF(L)Co Project until 2041. CF(L)Co receives certain benefits from Hydro-Québec, including significant revenues, under a guaranteed winter availability contract through 2041.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Principles of Consolidation (cont'd.)

The cost of Hydro's investment in CF(L)Co exceeded the equity in the book value of the net assets acquired by $77.1 million. This amount is assigned to capital assets and is being amortized on a straight-line basis at the rate of 1.5% per annum. As at December 31, 2002, $32.4 million (2001 - $31.2 million) had been amortized.

Under the terms and conditions of the Churchill Falls (Labrador) Corporation (Lease) Act, 1961, CF(L)Co must pay rentals and royalties to the Province annually.

A portion of Hydro's shareholding in CF(L)Co is deposited in a voting trust pursuant to an agreement with Hydro-Québec.

GIPCo is incorporated under the laws of Canada. Its objective was to develop the hydroelectric potential at Gull Island on the Lower Churchill River in Labrador, and construct a direct current transmission system from Labrador to the island of Newfoundland (the "Gull Island Project"), (Note 5).

LCDC is incorporated under the laws of Newfoundland and was established with the objective of developing all or part of the hydroelectric potential of the Lower Churchill River (the "Lower Churchill Development"), (see Note 5).

Cash Equivalents and Short-Term Investments

Cash equivalents and short-term investments consist primarily of Canadian treasury bills and banker's acceptances. Those with original maturities at date of purchase of three months or less are classified as cash equivalents whereas those with original maturities beyond three months and less than twelve months are classified as short-term investments. Both are stated at cost, which approximates market value. There were no investments outstanding at December 31, 2002. There were short-term investments outstanding at December 31, 2001, bearing interest rates of 2.20% to 6.09% per annum.

Capital Assets and Depreciation

Expenditures for additions, improvements and renewals are capitalized and normal expenditures for maintenance and repairs are charged to operations.

Hydro, GIPCo and LCDC

Construction in progress includes the costs incurred in preliminary feasibility studies, engineering and construction of new generation, transmission and distribution facilities. Interest is charged to construction in progress at rates equivalent to the weighted average cost of capital.

Hydro has made no provision in its accounts to date for future removal and site restoration costs. The inclusion of these costs in the rate base is subject to the rate setting process.

Contributions in aid of construction are funds received from customers and governments toward the incurred cost of capital assets, or the fair value of assets contributed. Contributions are treated as a reduction to capital assets and the net capital assets are depreciated.

Depreciation is calculated on hydroelectric generating plant and on transmission plant in service on the sinking fund method using interest factors ranging from 5.25% to 15.79%. Depreciation on other plant in service is calculated on the straight-line method. These methods are designed to fully amortize the cost of the facilities, after deducting contributions in aid of construction, over their estimated service lives.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Capital Assets and Depreciation (cont'd.)

Hydro, GIPCo and LCDC (cont'd.)

Estimated service lives of the major assets are as follows:

Generation Plant	
Hydroelectric	50, 75 and 100 years
Thermal	25 and 30 years
Diesel	20 years
Transmission	
Lines	40 and 50 years
Switching stations	40 years
Distribution System	30 years
Other	3 to 50 years

CF(L)Co

CF(L)Co uses the group depreciation method for certain capital assets other than the generation plant, transmission and terminals and service facilities.

Depreciation is provided on a straight-line basis over the following estimated useful lives:

Generation Plant	
Hydroelectric	67 years
Transmission and Terminals	67 years
Service facilities	67 years
Other	5 to 100 years

CF(L)Co has made no provision in its accounts for future removal and site restoration costs as they cannot be estimated at this time.

Losses on other than normal retirements are charged to operations in the year incurred as adjustments to depreciation expense.

Debt Discount and Financing Expenses

These costs are amortized on a straight-line basis over the lives of the respective debt issues.

Rate Stabilization Plan

On January 1, 1986, Hydro, having received the concurrence of the PUB, implemented a rate stabilization plan ("RSP") which primarily provides for the deferral of cost variances resulting from changes in fuel prices, levels of precipitation and load. Adjustments required in retail rates to cover the amortization of the balance in the plan do not require a reference to the PUB and are implemented on July 1 of each year. Similar adjustments required in industrial rates are implemented on January 1 of each year.

In 2002, the PUB ordered changes with respect to the recovery of the balance in the RSP, as well as for any future balances that may accumulate. The RSP balance as at August 31, 2002 has been converted to a long-term receivable and the balance outstanding at December 31, 2002 will be recovered over five years, commencing in 2003 (Note 4). The RSP activity for the period September - December 2002 and all of 2003 will be amortized over two years, commencing in 2004.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)**

Promissory Notes

Promissory Notes bear interest from 2.80% to 3.29% per annum (2001 - 2.15% to 3.90%) with carrying value approximating fair value due to their short-term nature.

Revenue Recognition

Revenue is recorded on the basis of power deliveries made.

Deferred revenue represents amounts billed under the Power Contract in excess of energy delivered. Amounts related to energy delivered in excess of the base amount, as defined by the Power Contract, are recorded as receivables. Differences between amounts related to energy delivered and the base amounts are determined annually and are subject to interest at 7% per annum (2001 - 7%).

Foreign Currency Translation

Foreign currency transactions are translated into their Canadian dollar equivalent as follows:

(a) At the transaction date, each asset, liability, revenue or expense is translated using exchange rates in effect at that date.

(b) At each balance sheet date monetary assets and liabilities are adjusted to reflect exchange rates in effect at that date.

  (i) In the case of Hydro, foreign exchange losses related to long-term debt, including current portion, are subject to the rate setting process. The PUB has accepted the inclusion by Hydro of realized foreign exchange losses in rates charged to customers. Any such loss, net of any gain, not recovered due to the operation of the rate setting process is deferred to the time of the next rate hearing for inclusion in the new rates to be set at that time. This amortization is included in interest expense. Commencing in 2002, the PUB ordered Hydro's deferred foreign exchange losses, net of the $10.0 million provision previously accumulated, be amortized over a forty-year period (Note 7).

  (ii) Under the provisions of the Power Contract CF(L)Co's exposure for a foreign exchange loss is limited. CF(L)Co recovers a portion of the difference between actual foreign exchange rates prevailing at the settlement dates of its First Mortgage Bonds and a Weighted Average Exchange Rate as defined in the Power Contract. The portion of the unrealized foreign exchange loss which is recoverable on the settlement dates, is included in long-term receivables (Note 4).

Financial Instruments

Hydro enters into interest rate swap agreements to manage interest rate risk. Net receipts or payments under the swap agreements are recorded as adjustments to interest expense.

Employee Future Benefits

Employees participate in the Province's Public Service Pension Plan, a multiemployer defined benefit plan. The employer's contributions are expensed as incurred.

Hydro provides group life insurance and health care benefits on a cost-shared basis to retired employees, in addition to a severance payment upon retirement. The expected cost of providing these other employee future benefits is accounted for on an accrual basis, and has been actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation, retirement ages of employees, and expected health care costs. The excess of net cumulative actuarial gains and losses over 10% of the accrued benefit obligation are amortized over the expected average remaining service life of the employee group, which is approximately twelve years.

2. ACCOUNTING CHANGE

Foreign Exchange

Churchill Falls has adopted new recommendations of the Canadian Institute of Chartered Accountants with respect to foreign exchange gains and losses. Unrealized gains and losses associated with the First Mortgage Bonds that are not recoverable from Hydro-Quebec under the Power Contract, are included in net income for the current year. Previously, these gains and losses were deferred and amortized on a straight-line basis over the remaining life of the debt. This change has been applied retroactively and prior years have been restated to reflect this change. Accordingly, the impact on the 2002 financial statements is an increase in net income of $1.2 million and the impact on the 2001 financial statements is a reduction in opening retained earnings of $5.7 million and an increase in net income of $0.6 million.

3. CAPITAL ASSETS

	Capital Assets in Service	Contributions In aid of Construction	Accumulated Depreciation	Construction In Progress
millions of dollars			**2002**	
Generation Plant				
Hydroelectric	**1,243.6**	**20.5**	**256.1**	**102.7**
Thermal	**223.5**	**-**	**173.3**	**0.2**
Diesel	**62.5**	**7.9**	**23.1**	**0.1**
Transmission and Distribution	**693.3**	**56.0**	**155.7**	**1.0**
Service facilities	**22.0**	**-**	**9.5**	**-**
Project costs (Note 5)	**96.4**	**-**	**-**	**-**
Capital studies (Note 5)	**25.0**	**-**	**-**	**-**
Other	**238.4**	**24.5**	**128.0**	**50.6**
	2,604.7	**108.9**	**745.7**	**154.6**
millions of dollars			2001	
Generation Plant				
Hydroelectric	1,240.1	20.5	245.2	40.0
Thermal	225.8	-	173.4	-
Diesel	58.7	8.3	21.7	3.3
Transmission and Distribution	666.2	56.7	140.8	1.5
Service facilities	22.0	-	9.1	-
Project costs (Note 5)	96.5	-	-	-
Capital studies (Note 5)	25.0	-	-	-
Other	232.5	24.4	117.4	43.9
	2,566.8	109.9	707.6	88.7

Included in the above amounts are CF(L)Co assets in service amounting to $633.6 million (2001 - $631.3 million) which are pledged as collateral for long-term debt.

4. LONG-TERM RECEIVABLES

millions of dollars	**2002**	2001
Previous Rate Stabilization Plan		
Retail	**76.3**	
Industrial	**28.0**	
	104.3	
Hydro-Québec		
Unrealized foreign exchange	**31.1**	41.2
Other	**2.7**	2.2
	33.8	43.4
Less due within one year	**27.5**	10.3
	110.6	33.1

The receivable arising from the RSP bears interest at the weighted average cost of capital which is approximately 7.2% and is to be recovered over a five-year period, commencing in 2003.

The other long-term receivable from Hydro-Québec bears interest at 7% per annum and is receivable over a four year period which commenced in September 2000.

5. INVESTMENTS

millions of dollars	**2002**	2001
Lower Churchill Option	**5.2**	5.2

LCDC was incorporated in 1978 pursuant to the provisions of an agreement (the "Principal Agreement"), between the Province and the Government of Canada. The Province and the Government of Canada own equity interests of 51% and 49% of LCDC, respectively. The Principal Agreement provides that future issues of Class A common shares shall preserve, as nearly as possible, this ratio of beneficial ownership. Hydro is the designate for the Province's shareholding in LCDC.

Upon agreement to continue with the Lower Churchill Development, GIPCo's assets and the hydroelectric development rights to the Lower Churchill River, (the "Water Rights"), will be acquired by LCDC pursuant to the provisions of an agreement between LCDC and the Province, (the "Option Agreement"). The purchase price in respect of GIPCo's assets will be a maximum of $100.0 million less $5.2 million representing the value assigned to 520 Class A common shares of LCDC issued pursuant to the signing of the Option Agreement. As consideration for GIPCo's assets, LCDC will issue a 10% Convertible Demand Debenture in the amount of $94.8 million. LCDC will issue 3,000 Class B common shares, without nominal or par value, to the Province in consideration of the Water Rights and the Province will transfer such shares to Hydro. The parties have agreed that the value of each Class B common share is $10,000. The Option Agreement expires November 24, 2003 and it is not anticipated that there will be any loss upon sale of GIPCo's assets to LCDC.

Hydro holds 1,540 Class A common shares of LCDC which have a stated value of $10,000 each. 520 shares were acquired in 1979 pursuant to signing of the Option Agreement and 510 shares were acquired in each of the years 1980 and 1981, by way of capital contributions from the Province.

6. JOINT VENTURE

The following amounts included in the consolidated financial statements represent Hydro's proportionate share of CF(L)Co's assets and liabilities at December 31, 2002, and its proportionate interest in CF(L)Co's operations for the year ended December 31, 2002.

millions of dollars	**2002**	2001
Current assets	**34.6**	34.9
Long-term assets	**371.7**	389.9
Current liabilities	**45.3**	40.2
Long-term liabilities	**113.9**	148.8
Revenues	**62.9**	58.6
Expenses	**49.0**	47.9
Net income	**13.9**	10.7
Cash provided by (used in)		
Operating activities	**25.4**	28.9
Financing activities	**(24.3)**	(25.0)
Investing activities	**1.6**	1.2

7. DEFERRED CHARGES

millions of dollars	**2002**	2001
Debt discount, financing expenses and other	**19.6**	26.2
Accumulated amortization	**14.3**	12.4
	5.3	13.8
Foreign exchange losses realized	**96.3**	96.3
Accumulated provision	**10.0**	10.0
	86.3	86.3
Accumulated amortization	**2.2**	-
	84.1	86.3
Net deferred charges	**89.4**	100.1

8. LONG-TERM DEBT

	Hydro	CF(L)Co	Total	Hydro	CF(L)Co	Total
millions of dollars		**2002**			2001	
Summary of long-term debt						
Long-term debt	**1,257.1**	**148.0**	**1,405.1**	1,122.3	180.7	1,303.0
Less payments due within one year	**16.1**	**34.1**	**50.2**	114.4	31.9	146.3
	1,241.0	**113.9**	**1,354.9**	1,007.9	148.8	1,156.7

Required repayments of long-term debt and sinking fund requirements over the next five years will be as follows:

millions of dollars	2003	2004	2005	2006	2007
	50.2	32.8	31.0	230.1	30.1

The payments due within one year include sinking fund requirements of $8.8 million (2001 - $7.3 million).

8. LONG-TERM DEBT (cont'd.)

Details of long-term debt are as follows:

Hydro

Series *millions of dollars*	Interest Rate %	Year of Issue	Year of Maturity	2002	2001	
Z	5.25	1997	2002	-	100.0	
AC	5.05	2001	2006	**200.0**	100.0	
AA	5.50	1998	2008	**200.0**	200.0	
V	10.50	1989	2014	**125.0**	125.0	(a)
X	10.25	1992	2017	**150.0**	150.0	(a)
Y	8.40	1996	2026	**300.0**	300.0	(a)
AB	6.65	2001	2031	**300.0**	150.0	(a)
Total debentures				**1,275.0**	1,125.0	
Less sinking fund investments in own debentures				**46.0**	37.9	
				1,229.0	1,087.1	
Government of Canada loans at 5.25% to 7.91% maturing in 2006 to 2014				**25.1**	31.0	
Other				**3.0**	4.2	
				1,257.1	1,122.3	
Less payments due within one year				**16.1**	114.4	
				1,241.0	1,007.9	

Promissory notes, debentures and long-term loans are unsecured and unconditionally guaranteed as to principal and interest and where applicable, sinking fund payments, by the Province. The Province charges Hydro a guarantee fee of one percent annually on the total debt (net of sinking funds) guaranteed by the Province, outstanding as of the preceding December 31.

(a) Sinking funds have been established for these issues.

CF(L)Co

millions of dollars	2002	2001
First Mortgage Bonds		
7.750% Series A due December 15, 2007 (U.S. $63.4; 2001 - U.S. $81.8)	**100.2**	130.2
7.875% Series B due December 15, 2007	**6.4**	8.3
General Mortgage Bonds		
7.500% due December 15, 2010	**41.4**	42.2
	148.0	180.7
Less payments due within one year	**34.1**	31.9
	113.9	148.8

The First Mortgage Bonds, Series A and B, are repayable in fixed semi-annual and in contingent annual sinking fund instalments. There has been no contingent repayments in the last five years.

The Deed of Trust and Mortgage securing the General Mortgage Bonds provides for semi-annual sinking fund payments and a balloon payment at maturity. Each semi-annual payment is equal to 1% of the aggregate principal amount outstanding on January 1, preceding each payment date. The General Mortgage Bonds are subordinate to the First Mortgage Bonds.

8. LONG-TERM DEBT (cont'd.)

Due to the contingent nature of the amounts of certain of the sinking fund instalments, it is not possible to be precise concerning long-term debt repayments over the next five years; however fixed sinking fund payments are estimated to average $34.0 million in each of the years 2003 to 2007 inclusive.

Under the terms of long-term debt instruments, CF(L)Co may pay cash dividends only out of earnings, as defined, accumulated from September 1, 1976. A shareholders' agreement signed in June, 1999 places additional restrictions on dividends, based on cash flow.

9. EMPLOYEE FUTURE BENEFITS

Pension Plan

Employees participate in the Province's Public Service Pension Plan, a multiemployer defined benefit plan. The employers' contributions of $3.6 million (2001 - $3.4 million) are expensed as incurred.

Other Benefits

Additionally, Hydro provides group life insurance and healthcare benefits on a cost-shared basis to retired employees, and in certain cases, their surviving spouses, in addition to a severance payment upon retirement. Information about these plans is as follows:

millions of dollars	**2002**	2001
Accrued benefit obligation		
Balance at beginning of year	**28.5**	27.1
Current service cost	**0.9**	0.9
Interest cost	**2.0**	2.0
Actuarial loss	**7.5**	-
Past service cost	**0.4**	-
Benefits paid	**(1.8)**	(1.5)
Balance at end of year	**37.5**	28.5
Plan deficit	**37.5**	28.5
Unamortized actuarial loss	**(7.5)**	-
Unamortized past service cost	**(0.4)**	-
Accrued benefit liability at end of year	**29.6**	28.5

The most recent actuarial valuation was performed as at December 31, 2002. The significant actuarial assumptions used in measuring the company's accrued benefit obligations include a discount rate of 7.0% and an average rate of compensation increase of 3.5%. In addition, in determining the expected cost of healthcare benefits, it was assumed that healthcare costs will increase by 12.0% in 2003 and decrease gradually to 5.0% in 2010 and remain level thereafter.

The net benefit plan expense is as follows:

millions of dollars	**2002**	2001
Current service cost	**0.9**	0.9
Interest cost	**2.0**	2.0
Net benefit plan expense	**2.9**	2.9

10. FINANCIAL INSTRUMENTS

Fair Value

The estimated fair values of financial instruments as at December 31, 2002 and 2001 are based on relevant market prices and information available at the time. The fair value of long-term receivable, long-term debt and the long-term payable is estimated based on the quoted market price for the same or similar debt instruments. The fair value estimates below are not necessarily indicative of the amounts that Hydro might receive or incur in actual market transactions. As a significant number of Hydro's assets and liabilities, including fuels and supplies and capital assets, do not meet the definition of financial instruments, the fair value estimates below do not reflect the fair value of Hydro as a whole.

	Carrying Value	Fair Value	Carrying Value	Fair Value
millions of dollars		**2002**		2001
Financial Assets				
Sinking funds	**48.7**	**54.2**	42.7	43.5
Long-term receivable including amount due in one year	**138.1**	**138.2**	43.4	43.5
Financial Liabilities				
Long-term debt including amount due in one year	**1,405.1**	**1,673.6**	1,303.0	1,489.9

Cash and cash equivalents, short-term investments, accounts receivable, bank indebtedness, accounts payable, accrued interest and promissory notes are all short-term in nature and as such, their carrying value approximates fair value. At December 31, 2002 of the total accounts receivable balance outstanding approximately 46.9% (2001 - 45.6%) is due from a regulated utility, and 25.1% (2001 - 28.0%) from Hydro-Québec.

Sinking Funds

Sinking fund investments consist of bonds, debentures, promissory notes and coupons issued by, or guaranteed by, the Government of Canada or any province of Canada, and have maturity dates ranging from 2009 to 2028. Hydro debentures which Management intends to hold to maturity are deducted from long-term debt while all other sinking fund investments are shown separately on the balance sheet as assets. Annual contributions to the various sinking funds are as per bond indenture terms, and are structured to ensure the availability of adequate funds at the time of expected bond redemption. Effective yields range from 5.80% to 10.55% (2001 - 5.80% to 10.55%).

11. INTEREST EXPENSE

millions of dollars	**2002**	2001	
Gross interest			
Long-term debt	**105.3**	105.6	
Promissory notes	**5.0**	6.2	
	110.3	111.8	
Amortization of debt discount and financing expenses	**1.3**	1.3	
Provision for foreign exchange losses	**2.2**	1.0	
Foreign exchange (gain) loss	**(0.1)**	0.5	
	113.7	114.6	
Less			
Recovered from Hydro-Québec	**5.3**	6.3	(a)
Interest capitalized during construction	**7.7**	5.1	
Interest earned	**15.1**	11.8	
Net interest expense	**85.6**	91.4	
Debt guarantee fee	**12.2**	11.1	
Net interest and guarantee fee	**97.8**	102.5	

(a) Under the terms of the Power Contract, CF(L)Co recovers the difference between interest calculated at the rates prescribed in the Power Contract and interest paid on its long-term debt.

Also, Churchill Falls can request Hydro and Hydro-Québec to make advances against the issue of Subordinated Debt Obligations, to service its debt and to cover expenses if funds are not otherwise available. If such request fails to attract sufficient advances, Churchill Falls can require Hydro-Québec to make additional advances, against the issue of units of Subordinate Debentures and shares of common stock, to service its debt and to cover its expenses that remain unfunded.

12. COMMITMENTS AND CONTINGENCIES

(a) Under the terms of a sublease with Twin Falls, expiring on December 31, 2014, CF(L)Co is required to deliver to Twin Falls, at an agreed price, horsepower equivalent to the installed horsepower of the Twin Falls plant and to maintain Twin Falls' plant and equipment.

(b) Hydro has received claims instituted by various companies and individuals with respect to outages and other miscellaneous matters. The aggregate of these claims, less any amounts that have been provided for in Hydro's financial statements is approximately $6.4 million (2001 - $1.6 million). The final resolution of these matters is currently under negotiation.

Legal proceedings have been commenced against Hydro by one of its customers claiming approximately $23.0 million related to outages and plant shutdowns. Hydro is defending this claim and Management believes that this claim will not be successful.

(c) Outstanding commitments for capital projects total approximately $23.8 million at December 31, 2002 (2001 - $80.9 million). Hydro has commenced development of a hydroelectric generating station at Granite Canal. Total project cost is expected to be approximately $134.6 million, with an anticipated in-service date of June 2003. As at December 31, 2002, $102.7 million (2001 - $40.0 million) had been expended on this project.

(d) In connection with the Granite Canal development, Hydro has issued an irrevocable Letter of Credit, in the amount of $5.4 million to ensure compliance with the terms of the Fish Habitat Compensation Agreement between Hydro and the Department of Fisheries and Oceans.

13. COMPARATIVE FIGURES

Certain of the 2001 comparative figures have been reclassified to conform with the 2002 financial statement presentation.

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Industrial
Development Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Industrial Development Corporation as at 31 March 2003 and the statement of revenue, expenditure and surplus for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
16 May 2003

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT CORPORATION

BALANCE SHEET

31 MARCH 2003

	2003 (000's)	2002 (000's)
ASSETS		
Current		
Cash	$ 155	$ 72
Short-term investments, at cost	-	2,300
Accrued interest receivable	1	4
	156	2,376
Investments, at cost (Note 2)	30,135	30,435
Loans receivable (Note 3)	450	450
	$30,741	$33,261
LIABILITIES AND SURPLUS		
Current		
Accounts payable and accrued liabilities	$ 1	$ 1
Long-term debt (Note 4)	29,546	30,446
Investment reserve (Note 5)	-	1,686
	29,547	32,133
Surplus	1,194	1,128
	$30,741	$33,261

See accompanying notes

Signed on behalf of the Board: ____________________
Chairperson

____
Director

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS

FOR THE YEAR ENDED 31 MARCH 2003

	2003 (000's)	2002 (000's)
REVENUE		
Interest and investment income	$ 67	$ 91
Province of Newfoundland and Labrador grant	-	450
Investment reserve advances	-	213
	67	754
EXPENDITURE		
Professional services	1	1
Grants	-	213
	1	214
Excess of revenue over expenditure	66	540
Surplus, beginning of year	1,128	588
Surplus, end of year	$1,194	$1,128

See accompanying notes

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

The Newfoundland and Labrador Industrial Development Corporation (NIDC) operates under the authority of the *Industrial Development Corporation Act*. The primary purpose of NIDC is to provide long-term financing to industrial and resource-based companies. Funding is secured through various means including borrowing from the Province of Newfoundland and Labrador (Province). The affairs of NIDC are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Basis of accounting

These financial statements have been prepared by NIDC in accordance with Canadian generally accepted accounting principles.

2. Investments

	2003 (000's)	2002 (000's)
Terra Nova Shoes Limited 27 (2002-87) Class T Common Shares at an agreed value of $5,000 each	$ 135	$ 435
Water rights held in Labrador	30,000	30,000
INCO Limited, 5 Common Shares	-	-
	$30,135	$30,435

(a) Terra Nova Shoes Limited

The Company is to redeem annually, at $5,000 each, Class T common shares held by NIDC for a total amount which is the lesser of:

(i) a fixed percentage of the Company's after tax earnings for the immediately preceding fiscal year; and

(ii) $300,000.

The Company redeemed 60 shares at $5,000 each for a total of $300,000 on 31 December 2002.

2. Investments (cont.)

(b) Water rights held in Labrador

Pursuant to an agreement dated 24 November 1978, the Lower Churchill Development Corporation Limited (LCDC) has the option of purchasing NIDC's water rights to the Lower Churchill River in consideration for the issuance of 3,000 Class B common shares without nominal or par value. These shares will then be transferred to Newfoundland and Labrador Hydro. This option was to expire 24 November 1996 but has been extended to 24 November 2003. LCDC was incorporated under the *Corporations Act* and is owned 51% by Newfoundland and Labrador Hydro and 49% by the Government of Canada. LCDC was established with the objective of developing all or part of the hydro-electric potential of the Lower Churchill Basin.

(c) INCO Limited

During 1997-98 NIDC purchased five shares of INCO Limited at a cost of $138.00 ($27.60 per share).

3. Loans receivable

	2003 **(000's)**	2002 (000's)
Loans receivable	**$ 700**	$ 700
Allowance for doubtful accounts	**(250)**	(250)
	$ 450	$ 450

During 1998-99, NIDC was authorized by the Province to provide a loan of $250,000 to a company from the investment reserve (Note 5). The loan is repayable in blended semi-annual payments of principal and interest of $37,709 commencing in August 2002. The loan is non-interest bearing for the first three years and thereafter will bear an interest rate of 8.75%. In accordance with the Debenture Agreement securing the loan, NIDC subordinated its security position during 1999-2000 which enabled the company to obtain additional long-term financing. Due to financial difficulties, the company has not made any payments, has ceased operations, and its assets have been tendered for sale by the first mortgagor. An allowance for doubtful accounts of $250,000 has been recorded in the financial statements.

During 2000-01, NIDC was authorized by the Province to provide a loan of $450,000 to a private company with NIDC being provided funding for this loan through a $450,000 grant from the Province. The loan is non-interest bearing and is to be repaid in five annual installments payable within three months of the company's fiscal year end, commencing with the fiscal year ending 31 July 2002. The annual payment is to be calculated as 20% of excess cash flow (as defined), subject to a maximum payment of $90,000 annually, for the years 2002 to 2006 inclusive. A review of the audited financial statements provided by the private company indicated there was no payment due under this loan agreement for 2002.

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

4. Long-term debt

	2003 **(000's)**	2002 (000's)
Non-interest bearing notes payable to the Province, no fixed terms of repayment or maturity dates	**$29,546**	$30,446

5. Investment reserve

In 1996-97, the Province advanced $3,000,000 to NIDC to establish an investment reserve. The purpose of the reserve was to facilitate privatization activities, as directed by the Lieutenant-Governor in Council. Amounts advanced from the reserve as grants were recognized in income in the year the advance was made and the related grant amounts were expensed in the year paid. On 31 March 2003, as stipulated in the 2002-03 Provincial Budget, the Corporation paid the balance of the fund to the Province.

	2003 **(000's)**	2002 (000's)
Balance, beginning of year	**$1,686**	$1,899
Less: Grants advanced from investment reserve during year	**-**	(213)
Repaid to the Province	**(1,686)**	-
Balance, end of year	**$ -**	$1,686

The composition of this reserve is as follows:

	2003 **(000's)**	2002 (000's)
Short-term investments	**$ -**	$1,686

6. Distribution of earnings

Pursuant to Section 30 of the *Industrial Development Corporation Act*, the balance that the Minister of Finance considers to be available out of the net profits of NIDC is to be paid to the Province at such intervals and in a manner that the Minister may direct by notice to the Chairperson of the Board.

7. Related party transactions

During the year, NIDC made principal repayments of $900,000 on the long-term debt owing to the Province.

NIDC is administered by employees of the Department of Finance. The costs of administration are paid directly by the Department and are not reflected in these financial statements.

8. Income taxes

NIDC is a Crown corporation of the Province and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND AND LABRADOR
LEGAL AID COMMISSION

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Commissioners
Newfoundland and Labrador Legal Aid Commission
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Legal Aid Commission as at 31 March 2003 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
18 June 2003

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION

BALANCE SHEET

31 MARCH 2003

	2003	2002
ASSETS		
Current		
Cash	$ 236,635	$ 374,832
Accounts receivable (Note 2)	248,633	241,803
Prepaid expenses	-	40,350
	485,268	656,985
Funds deposited in trust (Note 3)	101,730	77,057
Capital assets (Note 4)	224,705	225,894
	$ 811,703	$ 959,936
LIABILITIES AND DEFICIT		
Current		
Accounts payable and accrued liabilities (Note 5)	$ 933,725	$ 856,874
Deferred revenue	177,614	142,981
	1,111,339	999,855
Accrued severance pay	814,124	719,474
Funds deposited in trust (Note 3)	101,730	77,057
	2,027,193	1,796,386
Deficit	(1,215,490)	(836,450)
	$ 811,703	$ 959,936

Contingent liabilities (Note 6)

See accompanying notes

Signed on behalf of the Board: ________________ **Chairperson** ________________ **Provincial Director**

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION

STATEMENT OF REVENUES, EXPENSES AND DEFICIT

FOR THE YEAR ENDED 31 MARCH 2003

	2003		2002
	Actual	**Budget**	Actual
REVENUES			
Province of Newfoundland and Labrador operating grant	**$6,844,200**	**$6,844,200**	$6,274,000
Law Foundation of Newfoundland grant	**100,121**	**92,000**	392,778
Government of Canada grant	**30,000**	-	50,000
Interest	**14,039**	**95,000**	13,211
Other	**25,898**	-	21,156
	7,014,258	**7,031,200**	6,751,145
EXPENSES			
Amortization	**94,913**	-	122,229
Bad debt expense	-	-	2,556
Bar fees and insurance	**67,179**	**78,841**	63,057
Capital asset purchases	-	**153,500**	-
Commissioners' fees and expenses	**108,509**	**73,500**	118,050
Conference and education	**31,075**	**41,000**	47,057
Family Justice Central Project (Note 7)	**151,495**	**165,000**	50,427
Legal fees and disbursements	**491,908**	**436,900**	545,734
Library	**39,446**	**32,150**	43,964
Miscellaneous	**25,573**	**26,820**	23,228
Office and equipment rental	**419,334**	**461,461**	312,453
Office expense	**312,207**	**126,523**	162,466
Salaries and benefits	**5,553,303**	**5,340,905**	5,382,521
Telephone and light	**74,875**	**80,000**	91,081
Travel	**23,481**	**14,600**	10,496
	7,393,298	**7,031,200**	6,975,319
Excess of expenses over revenues	**(379,040)**	-	(224,174)
Deficit, beginning of year	**(836,450)**	**(836,450)**	(612,276)
Deficit, end of year	**$(1,215,490)**	**$ (836,450)**	$ (836,450)

See accompanying notes

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
Cash flows from operating activities		
Excess of expenses over revenues	**$(379,040)**	$(224,174)
Adjustment for non-cash items		
Amortization	**94,913**	122,229
	(284,127)	(101,945)
Changes in non-cash working capital		
Accounts receivable	**(6,830)**	(92,566)
Prepaid expenses	**40,350**	(2,523)
Accounts payable and accrued liabilities	**76,851**	168,711
Deferred revenue	**34,633**	13,978
	(139,123)	(14,345)
Increase in accrued severance pay	**94,650**	120,463
	(44,473)	106,118
Cash flows from investing activities		
Purchase of capital assets	**(93,724)**	(97,973)
Net increase (decrease) in cash	**(138,197)**	8,145
Cash, beginning of year	**374,832**	366,687
Cash, end of year	**$ 236,635**	$ 374,832

See accompanying notes

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

The Newfoundland and Labrador Legal Aid Commission (the Commission) operates under the authority of the *Legal Aid Act*. The purpose of the Commission is to establish and administer a plan of legal aid for the residents of the Province of Newfoundland and Labrador.

The affairs of the Commission are managed by a Board of Commissioners consisting of the Deputy Minister of Justice and the Provincial Director of the Commission, and five members appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Commission in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Revenue recognition

Revenue for legal services is recognized upon completion of services provided for legal action.

(b) Capital assets

Capital assets are capitalized at cost at the time of acquisition. The budget for the purchase of capital assets was $153,500 (2002 - $138,500). Actual purchases totalled $93,724 (2002 - $97,973). Amortization is recorded as follows:

Office furniture and equipment - Straight line basis over a period of five years from the date of purchase.

Software development - Straight line basis over a period of five years from the date of purchase.

Computer equipment - Straight line basis over a period of five years from the date of purchase.

Leasehold improvements - Straight line basis over the remaining life of the rental agreement.

(c) Severance pay

Severance pay is calculated based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the public service.

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

2. Accounts receivable

	2003	2002
Trade	$ 394,575	$ 355,262
Government of Canada	30,000	50,000
Harmonized Sales Tax	31,331	44,638
	455,906	449,900
Less: allowance for doubtful accounts	(207,273)	(208,097)
	$ 248,633	$ 241,803

3. Funds deposited in trust

Funds deposited in trust of $101,730 (2002 - $77,057) represent amounts received by the Commission for legal action which has yet to be completed. Once legal action has been completed, these deposits will be combined with the general funds of the Commission.

4. Capital assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and equipment	$ 659,755	$570,118	$ 89,637	$ 78,264
Software development	139,314	137,443	1,871	28,709
Computer equipment	320,494	187,620	132,874	118,386
Leasehold improvements	18,344	18,021	323	535
	$1,137,907	$913,202	$224,705	$225,894

5. Accounts payable and accrued liabilities

	2003	2002
Trade	$184,619	$184,372
Salaries and benefits	749,106	672,502
	$933,725	$856,874

6. Contingent liabilities

As at 31 March 2003, several claims had been filed against the Commission. These actions have not progressed far enough to enable the formation of a definite opinion as to their outcome. The likelihood of loss or the amount of possible loss to the Commission is not determinable at this time.

7. Family Justice Central Project

On 14 March 2002, an agreement was completed between the Government of Canada and the Province that provided for funding to the Province for a Family Justice Central Project. The agreement covers a portion of the costs of a pilot project for the development, implementation, and evaluation of the delivery of integrated justice services in the family law area in Central Newfoundland. The agreement covered the period 1 September 2001 to 31 March 2003 and provided for funding to be paid to the Province in the amount of $165,000 in 2002-03 and $83,000 in 2001-02. This funding was included in the grant provided to the Commission by the Province. Actual expenditures paid by the Commission for the project were as follows:

	2003	2002
Office expense	$ 35,714	$ 8,545
Office rental	3,900	-
Salaries and benefits	95,898	35,386
Telephone	5,680	-
Travel	10,303	6,496
	$151,495	$50,427

8. Pensions

Under the *Legal Aid Act*, Commission staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of pension contributions for 2003 was $328,340 (2002 - $277,989).

9. Lease commitments

The Commission has entered into agreements requiring lease payments for office rental for the next five years as follows:

2004	$239,420
2005	$239,420
2006	$239,420
2007	$189,630
2008	$ 20,518

10. Economic dependence

As a result of the Commission's reliance on Provincial funding to meet its cost of operations, the Commission's ability to continue viable operations is dependent upon continued funding from the Province.

11. Financial instruments

The Commission's financial instruments recognized in the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments.

12. Income taxes

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

13. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

NEWFOUNDLAND AND LABRADOR
MUNICIPAL FINANCING CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Municipal Financing
Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Municipal Financing Corporation as at 31 March 2003 and the statements of revenue, expenditure and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
6 June 2003

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION

BALANCE SHEET

31 MARCH 2003

	2003 (000's)	2002 (000's)
ASSETS		
Current		
Cash and term deposits	$ 15,761	$ 8,854
Investment - coupons (at cost)	5,628	6,031
- earned interest receivable	5,151	4,816
Accounts receivable	10,338	19,637
Accrued interest receivable	5,234	6,441
Current portion of loans receivable (Note 2)	35,373	36,632
	77,485	82,411
Long-term investment - coupons	17,438	19,890
Long-term loans receivable (Note 2)	237,222	254,026
Deferred charges (Note 3)	1,117	1,225
	$333,262	$357,552
LIABILITIES AND DEFICIT		
Current		
Accounts payable and accrued liabilities	$ 89	$ 340
Accrued interest payable	7,735	9,006
Current portion of debenture debt (Note 4)	53,885	44,019
Current portion of deferred revenue (Note 5)	1,483	2,022
	63,192	55,387
Long-term debenture debt (Note 4)	272,112	299,742
Deferred revenue (Note 5)	1,679	2,696
Reserve fund (Note 6)	822	4,476
	337,805	362,301
Deficit	(4,543)	(4,749)
	$333,262	$357,552

See accompanying notes

Signed on behalf of the Board of Directors:

Chairperson

Director

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION

STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT

FOR THE YEAR ENDED 31 MARCH 2003

	2003 (000's)	2002 (000's)
REVENUE		
Interest on loans to municipal corporations	$25,444	$28,463
Sinking fund income	3,105	4,139
Short-term interest	1,550	1,856
Amortization of deferred revenue:		
Prepayment penalties	2,064	2,408
	32,163	36,866
EXPENDITURE		
Administrative and miscellaneous	243	359
Amortization of deferred charges:		
Issue expenses on debenture debt	244	307
Premiums and discounts on debenture debt	96	109
Interest on long-term debt	31,374	36,189
	31,957	36,964
Excess of revenue over expenditure (expenditure over revenue)	206	(98)
Deficit, beginning of year	(4,749)	(4,651)
Deficit, end of year	$ (4,543)	$ (4,749)

See accompanying notes

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2003

Cash provided by (used in):	**2003** **(000's)**	2002 (000's)
Operating activities		
Excess of revenue over expenditure (expenditure over revenue)	**$ 206**	$ (98)
Add (deduct) non-cash items:		
Sinking fund income	**(3,105)**	(4,139)
Amortization of issue expenses on debenture debt	**244**	307
Amortization of premiums and discounts on debenture debt	**96**	109
Amortization of prepayment penalties	**(2,064)**	(2,408)
Accrued interest income on coupons	**(1,339)**	(1,575)
	(5,962)	(7,804)
Change in non-cash working capital	**8,984**	(76)
	3,022	(7,880)
Financing activities		
Repayment of short term loan	**-**	(12,000)
Proceeds from debenture issues	**28,000**	64,000
Retirement of debentures	**(44,019)**	(69,885)
Retirement of debentures held by Sinking Fund	**(600)**	(4,660)
Premiums and discounts on debenture debt	**(47)**	(151)
Issue expenses on debenture debt	**(185)**	(410)
Assets transferred from Sinking Fund	**1,920**	32,689
Cancellation of debentures held by Sinking Fund	**600**	4,660
Sinking fund payments	**(560)**	(560)
Prepayment penalties	**508**	286
Reserve fund advances received	**12,000**	10,000
Reserve fund allocations to municipal corporations	**(15,654)**	(7,188)
	(18,037)	16,781
Investing activities		
Investment - coupons purchased	**(3,412)**	(1,819)
Investment - coupons redeemed	**7,271**	7,053
Loans to municipal corporations	**(25,236)**	(37,387)
Loan payments received from municipal corporations	**43,299**	40,004
Transfer to reserve fund	**-**	(10,000)
	21,922	(2,149)
Increase in cash and term deposits	**6,907**	6,752
Cash and term deposits, beginning of year	**8,854**	2,102
Cash and term deposits, end of year	**$ 15,761**	$ 8,854

See accompanying notes

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

Newfoundland and Labrador Municipal Financing Corporation (the Corporation) was created by the *Municipal Financing Corporation Act*. The Corporation's primary function is to provide long-term financing for the capital requirements of municipal corporations by the issuance of its securities, and relending the funds to municipal corporations. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland and Labrador (the Province).

1. Significant accounting policies

These financial statements have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Premiums, discounts and issue expenses on debenture debt

Premiums, discounts and issue expenses are deferred and amortized on a straight line basis over the life of the debenture issue to which they relate. In the case of the early retirement of debenture debt, a proportionate amount of the deferred balance is included with the gain or loss in the determination of net income for the period.

(b) Deferred revenue

Penalties are charged when municipal corporations prepay all or a portion of their loans with the Corporation. These penalties are deferred and amortized on a straight line basis over the average years remaining for these loans prior to payout.

2. Loans receivable

	2003 (000's)	2002 (000's)
Loans receivable from municipal corporations	**$272,595**	$290,658
Less: current portion	**(35,373)**	(36,632)
Long-term portion	**$237,222**	$254,026

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

2. Loans receivable (cont.)

Loans to municipal corporations are made on the security of their debentures. Provisions exist for the recovery from the Province of any defaults by municipal corporations. Therefore, no allowance for doubtful accounts has been provided.

Principal payments receivable in each of the next five (5) years are as follows:

Year	Amount (000's)
2004	$35,373
2005	$33,429
2006	$31,957
2007	$29,558
2008	$26,524

3. Deferred charges

	2003 (000's)	2002 (000's)
Issue expenses on debenture debt	**$ 778**	$ 837
Premiums and discounts on debenture debt	**339**	388
	$1,117	$1,225

4. Debenture debt

The Corporation's debenture debt is unconditionally and fully guaranteed as to principal, interest and sinking fund payments, if any, by the Province. Details of long-term debt outstanding at 31 March 2003 are as follows:

Series	Remaining Term	Interest Rate %	Sinking Fund Balance (000's)	2003 (000's)	2002 (000's)	
MFC-12	14 Mar 2004-05	12.250	$10,615	**$ 13,000**	$ 13,000	
MFC-14	1 Aug 2003-05	11.250	16,487	**16,487**	16,487	(a)
MFC-16	19 Dec 2003-05	11.000	9,740	**9,740**	10,340	(b)
MFC-17	11 Dec 2003-06	10.250	-	**6,000**	7,500	(c)
MFC-18	-	-	-	**-**	2,333	
MFC-19	29 Jun 2003	11.250	-	**1,666**	3,332	(d)
MFC-20	15 Sep 2003	11.625	-	**2,334**	4,668	(e)
MFC-21	1 Dec 2003-08	10.875	7,557	**15,000**	15,000	
MFC-22	15 Jun 2003-09	10.500	-	**8,750**	10,000	(f)
MFC-23	7 Dec 2003-04	10.375	-	**3,000**	4,000	(g)
MFC-24	30 May 2003-05	12.750	-	**5,361**	7,148	(h)
MFC-25	27 Nov 2003-05	12.250	-	**4,998**	6,664	(i)
MFC-26	30 May 2003-06	10.875	-	**10,668**	13,335	(j)
MFC-27	20 Nov 2003-06	10.125-10.250	-	**6,664**	8,330	(k)
MFC-28	30 Apr 2003-07	10.000-10.250	-	**13,330**	15,997	(l)
MFC-29	15 Dec 2003-07	9.250- 9.625	-	**5,000**	6,000	(m)
MFC-30	20 May 2003-08	8.750- 9.125	-	**12,000**	14,000	(n)
MFC-31	1 Dec 2003-08	8.000- 8.375	-	**13,998**	16,331	(o)
MFC-32	17 May 2003-08	9.000- 9.375	-	**16,000**	19,000	(p)
MFC-33	2 Sep 2003	9.750	-	**10,000**	10,000	
MFC-34	2 Sep 2003-07	9.960	-	**10,000**	10,000	
MFC-35	15 Dec 2003-04	10.000	-	**14,000**	16,000	(q)
MFC-36	15 May 2003-10	9.200- 9.600	-	**10,000**	11,250	(r)
MFC-37	10 Jan 2004-11	8.000- 8.375	-	**16,000**	18,000	(s)
MFC-38	1 Jun 2003-13	5.500- 6.000	-	**13,400**	14,600	(t)
MFC-39	16 Dec 2003-13	5.500- 6.125	-	**18,500**	20,500	(u)
MFC-40	14 Dec 2003-14	6.400- 6.850	-	**15,700**	17,200	(v)
MFC-41	17 Oct 2003-10	6.150- 6.500	-	**10,900**	12,000	(w)
MFC-42	5 Apr 2003-11	4.750- 5.900	-	**13,900**	15,000	(x)
MFC-43	20 Sept 2003-16	4.500- 6.500	-	**32,000**	34,000	(y)
MFC-44	15 Mar 2004-17	3.625- 6.125	-	**14,000**	15,000	(z)
MFC-45	26 Mar 2004-13	3.500- 5.375	-	**28,000**	-	(aa)
Total			$44,399	**370,396**	387,015	
Less: sinking funds				**(44,399)**	(43,254)	(ab)
Net debenture debt				**325,997**	343,761	
Less: current portion				**(53,885)**	(44,019)	
Long-term portion				**$272,112**	$299,742	

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

4. Debenture debt (cont.)

(a) Callable on any interest payment date on or after 1 August 2003, at par, on 30 days notice.

(b) Callable on any interest payment date on or after 19 December 2003, at par, on 30 days notice.

(c) On 11 December of each year commencing 11 December 2003, the Corporation is to redeem $1,500,000 in the years 2003 to 2006 inclusive.

(d) On 29 June 2003, the Corporation is to redeem $1,666,000.

(e) On 15 September 2003, the Corporation is to redeem $2,334,000.

(f) On 15 June of each year commencing 15 June 2003, the Corporation is to redeem $1,250,000 in the years 2003 to 2009 inclusive.

(g) On 7 December of each year commencing 7 December 2003, the Corporation is to redeem $1,000,000 in the year 2003 and $2,000,000 in the year 2004.

(h) On 30 May of each year commencing 30 May 2003, the Corporation is to redeem $1,787,000 in the years 2003 to 2005 inclusive.

(i) On 27 November of each year commencing 27 November 2003, the Corporation is to redeem $1,666,000 in the years 2003 to 2005 inclusive.

(j) On 30 May of each year commencing 30 May 2003, the Corporation is to redeem $2,667,000 in the years 2003 to 2006 inclusive.

(k) On 20 November of each year commencing 20 November 2003, the Corporation is to redeem $1,666,000 in the years 2003 to 2006 inclusive.

(l) On 30 April of each year commencing 30 April 2003, the Corporation is to redeem $2,666,000 in the years 2003 to 2007 inclusive.

(m) On 15 December of each year commencing 15 December 2003, the Corporation is to redeem $1,000,000 in the years 2003 to 2007 inclusive.

(n) On 20 May of each year commencing 20 May 2003, the Corporation is to redeem $2,000,000 in the years 2003 to 2008 inclusive.

4. Debenture debt (cont.)

(o) On 1 December of each year commencing 1 December 2003, the Corporation is to redeem $2,333,000 in the years 2003 to 2008 inclusive.

(p) On 17 May of each year commencing 17 May 2003, the Corporation is to redeem $3,000,000 in the years 2003 to 2004 inclusive, $2,000,000 in the year 2005, $6,000,000 in the year 2007, and $2,000,000 in the year 2008.

(q) On 15 December of each year commencing 15 December 2003, the Corporation is to redeem $2,000,000 in the year 2003 and $12,000,000 in the year 2004.

(r) On 15 May of each year commencing 15 May 2003, the Corporation is to redeem $1,250,000 in the years 2003 to 2010 inclusive.

(s) On 10 January of each year commencing 10 January 2004, the Corporation is to redeem $2,000,000 in the years 2004 to 2011 inclusive.

(t) On 1 June of each year commencing 1 June 2003, the Corporation is to redeem $1,200,000 in the years 2003 to 2009 inclusive and $1,250,000 in the years 2010 to 2013 inclusive.

(u) On 16 December of each year commencing 16 December 2003, the Corporation is to redeem $2,000,000 in the years 2003 to 2005 inclusive, $2,500,000 in the years 2006 to 2008 inclusive and $1,000,000 in the years 2009 to 2013 inclusive.

(v) On 14 December of each year commencing 14 December 2003, the Corporation is to redeem $1,500,000 in the year 2003, $1,600,000 in the year 2004, $1,700,000 in the years 2005 to 2006 inclusive, $1,800,000 in the year 2007, $1,200,000 in the years 2008 to 2009 inclusive and $1,000,000 in the years 2010 to 2014 inclusive.

(w) On 17 October of each year commencing 17 October 2003, the Corporation is to redeem $1,200,000 in the year 2003, $1,300,000 in the year 2004, $1,400,000 in the years 2005 to 2007 inclusive, $1,600,000 in the years 2008 to 2009 inclusive, and $1,000,000 in the year 2010.

(x) On 5 April of each year commencing 5 April 2003, the Corporation is to redeem $1,200,000 in the year 2003, $1,300,000 in the years 2004 to 2005 inclusive, $1,400,000 in the years 2006 to 2007 inclusive, $1,500,000 in the year 2008, $1,600,000 in the year 2009, $1,700,000 in the year 2010 and $2,500,000 in the year 2011.

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

4. Debenture debt (cont.)

(y) On 20 September of each year commencing 20 September 2003, the Corporation is to redeem $2,000,000 in the years 2003 to 2006 inclusive, $2,800,000 in the years 2007 to 2011 inclusive and $2,000,000 in the years 2012 to 2016 inclusive.

(z) On 15 March of each year commencing 15 March 2004, the Corporation is to redeem $1,000,000 in the years 2004 to 2017 inclusive.

(aa) On 26 March of each year commencing 26 March 2004, the Corporation is to redeem $2,000,000 in the years 2004 to 2012 inclusive and $10,000,000 in the year 2013.

(ab) For debentures which have sinking fund requirements, the Corporation makes the required contributions to the Board of Trustees of the Newfoundland and Labrador Municipal Financing Corporation Sinking Fund. This is an unincorporated body appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province.

Estimated sinking fund requirements and debenture maturities over the next five (5) years are as follows:

Year Ending 31 March	Sinking Fund Requirements (000's)	Debenture Maturities (000's)	Total Amount (000's)
2004	$560	$53,885	$54,445
2005	$300	$51,185	$51,485
2006	$300	$36,385	$36,685
2007	$300	$31,532	$31,832
2008	-	$42,599	$42,599

Debenture maturities reflect only securities maturing without sinking funds.

5. Deferred revenue

	2003 (000's)	2002 (000's)
Deferred revenue	**$ 3,162**	$ 4,718
Less: current portion	**(1,483)**	(2,022)
	$ 1,679	$ 2,696

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

6. Reserve fund

The Province funds a reserve fund established to mitigate arrears with respect to municipal loans. The reserve fund is allocated as the Department of Municipal and Provincial Affairs concludes negotiations with various municipal corporations with respect to restructuring debt due to the Corporation.

	2003 **(000's)**	2002 (000's)
Balance, beginning of year	**$ 4,476**	$ 1,664
Add: funds advanced to Corporation during year	**12,000**	10,000
Less: amounts allocated to municipal corporations for debt restructuring	**(15,654)**	(7,188)
Balance, end of year	**$ 822**	$ 4,476

7. Financial instruments

The Corporation's short term financial instruments recognized on the balance sheet consist of cash and term deposits, short-term investments, accounts receivable, accrued interest receivable, accounts payable and accrued liabilities and accrued interest payable. The carrying values of these instruments approximate current fair value due to their nature and the short term maturity associated with them. Since provisions exist for the recovery from the Province of any defaults by municipal corporations there is no credit risk associated with the Corporation's accounts receivable.

The Corporation's long-term financial instruments recognized on the balance sheet consist of long-term investments, long-term loans receivable and long-term debenture debt. The Corporation's policy is to hold its long-term investments to maturity, therefore their reported value is current fair value to the Corporation. Since provisions exist for the recovery from the Province of any defaults by municipal corporations there is no credit risk associated with the Corporation's long-term accounts receivable and therefore, the amount presented in the balance sheet is the same as current fair value of the asset.

The majority of the Corporation's long-term debt is issued as serial debentures which are redeemed over a number of years at varying interest rates. In addition, the Corporation's long-term debenture debt is used to finance loans to the Province's various municipalities. The rate charged by the Corporation to these municipalities is calculated using the rate the Corporation is required to pay on its related debenture plus an additional percentage. Because provisions exist for the recovery from the Province of any defaults by municipal corporations and because the long-term debenture debt of the Corporation is specifically tied to these receivables, the long-term debenture debt as presented in the balance sheet is presented at current fair value and the Corporation is not subject to any rate risk relating to this debt.

8. Economic dependence

As a result of cost-sharing arrangements, the loans receivable from municipal corporations disclosed in Note 2 are serviced by both the municipal corporations and the Province. Due to the nature of these arrangements, the Province is in effect repaying a significant portion of the loans owing to the Corporation. Provisions exist for the recovery from the Province of any defaults by municipal corporations.

The Corporation's debentures are fully guaranteed by the Province as to principal, interest and sinking fund payments, if any. As at 31 March 2003, this guarantee covered net debenture debt and accrued interest totalling $333,732,000 (2002 - $352,767,000).

As a result, the Corporation's continued existence is dependent upon the decisions of the Province.

9. Related party transactions

The Corporation is administered by employees of the Department of Finance. The salary costs are paid by the Department of Finance, reimbursed by the Corporation, and are reflected in these financial statements.

10. Income taxes

The Corporation is a Crown corporation of the Province and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND & LABRADOR PETROLEUM PRODUCTS PRICING COMMISSION

FINANCIAL STATEMENTS

AS AT MARCH 31, 2003

Blair J. Jewer
Chartered Accountant

Blair J. Jewer
Chartered Accountant

2A Bank Road
P.O. Box 471
Grand Falls-Windsor, NL
A2A 2J9
Tel: (709) 489 - 7755
Fax: (709) 489 - 8646

AUDITOR'S REPORT

To The Minister
Government Services and Lands, Province of Newfoundland and Labrador

I have audited the balance sheet of Newfoundland & Labrador Petroleum Products Pricing Commission as at March 31, 2003 and the statement of revenues, expenses and surplus for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an audit opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Blair J. Jewer

July 25, 2003

NEWFOUNDLAND & LABRADOR PETROLEUM PRODUCTS PRICING COMMISSION

BALANCE SHEET AS AT MARCH 31, 2003

	2003	2002
ASSETS		
CURRENT ASSETS		
Cash	$ 93,208	$ 120,606
Accounts receivable	35,449	-
Harmonized sales tax recoverable	15,101	-
	143,758	120,606
PROPERTY, PLANT AND EQUIPMENT	39,680	33,186
	$ 183,438	$ 153,792
LIABILITIES		
CURRENT LIABILITIES		
Deferred revenue	$ 66,943	$ 19,168
Accounts payable and accrued	9,373	6,264
Accrued wages	29,526	12,090
Taxes other than income	10,076	2,766
	115,918	40,288
SURPLUS		
INVESTMENT IN CAPITAL ASSETS	39,680	33,186
SURPLUS	27,840	80,318
	$ 183,438	$ 153,792

Reviewed and approved by

George Sweeney, *Minister*

George Saunders, *Commissioner*

The accompanying notes form an integral part of this financial statement.

NEWFOUNDLAND & LABRADOR PETROLEUM PRODUCTS PRICING COMMISSION

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2003

	Budget	*2003*	*2002*
REVENUES			
Province of Newfoundland & Labrador grant	$ -	$ -	$ 343,800
Assessment levy	361,478	441,401	100,908
Interest	-	1,066	1,633
	361,478	442,467	446,341
EXPENSES			
Salaries and benefits	238,188	274,818	152,316
Advertising	12,500	20,148	21,663
Rent	36,892	36,892	24,595
Insurance	1,000	902	548
Communications	17,000	16,981	12,198
Office expense	21,000	20,912	29,064
Membership fees and subscriptions	11,700	11,113	-
Equipment rental	9,843	10,099	6,431
Accounting	-	1,050	100
Legal	12,000	5,022	4,175
Consulting	25,000	38,034	40,799
Interest	1,000	447	408
Travel, accommodations and purchased services	52,000	52,033	40,540
Capital expenditure from revenue	10,932	6,494	33,186
Contingency	12,000	-	-
	461,055	494,945	366,023
EXCESS OF REVENUE OVER EXPENDITURE	$(99,577)	(52,478)	80,318
SURPLUS, BEGINNING		80,318	-
SURPLUS, ENDING		$ 27,840	$ 80,318

The accompanying notes form an integral part of this financial statement.

NEWFOUNDLAND & LABRADOR PETROLEUM PRODUCTS PRICING COMMISSION

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2003

1. PURPOSE OF THE ORGANIZATION

The Commission was created by the Government of Newfoundland and Labrador to administer the "Petroleum Products Act 2001" on behalf of the Department of Government Services and Lands.

2. ACCOUNTING POLICIES

(a)The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

(b)Property, plant and equipment purchased are charged against revenue in the year acquired.

(c)Property, plant and equipment disposed of are deleted from the accounts at their original cost.

(d)No provision for depreciation of property, plant and equipment is recorded in the accounts.

(e)The equity of the Commission in the property, plant and equipment is represented by a credit account "Investment in Capital Assets".

(f)Revenue from government grants is recognized on a cash basis.

(g)Revenue from Assessment Levy's are recognized on accrual basis based on the legislation as prescribed in the Act and Regulations.

NEWFOUNDLAND & LABRADOR PETROLEUM PRODUCTS PRICING COMMISSION

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2003

3. COMMITMENTS

The Commission has entered into a commitment for the lease of office space and equipment. Estimated future payments under the terms of the lease are as follows:

	Office Space	*Equipment*
2004	*36,892*	*8,575*
2005	*36,892*	*2,154*
2006	*36,892*	*-*
2007	*12,297*	*-*

NEWFOUNDLAND AND LABRADOR
STUDENT INVESTMENT AND OPPORTUNITY CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Student
Investment and Opportunity Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Student Investment and Opportunity Corporation as at 31 March 2003 and the statement of revenue, expenditure and surplus for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Student Investment and Opportunity Corporation as at 31 March 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
20 June 2003

NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND OPPORTUNITY CORPORATION

BALANCE SHEET

as at 31 March 2003

	2003	2002
	$	$
ASSETS		
Current		
Cash	2,870,910	4,177,793
Accounts receivable	5,948	6,520
TOTAL ASSETS	2,876,858	4,184,313
LIABILITIES AND EQUITY		
LIABILITIES		
Current		
Accounts payable	323,043	161,755
	323,043	161,755
EQUITY		
Share capital (Note 2)	-	-
Equity	2,553,815	4,022,558
	2,553,815	4,022,558
TOTAL LIABILITIES AND EQUITY	2,876,858	4,184,313

See accompanying notes

Signed on behalf of the Board

Chairperson

Member

NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND OPPORTUNITY CORPORATION

STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS

For the year ended 31 March 2003

	2003 $	2002 $
REVENUE		
Grants from the Province of Newfoundland and Labrador	4,834,000	4,834,000
Investment income	94,705	133,582
	4,928,705	4,967,582
EXPENDITURE		
Programs:		
Student Works and Services Program (SWASP) - Paid Employment	1,627,250	1,511,146
Graduate Employment Program	923,370	1,063,545
Student Employment Program (High School Students)	720,947	727,258
Small Enterprise Co-op Placement Assistance Program	535,800	274,197
Newfoundland and Labrador Conservation Corps	500,000	325,000
Student Works and Services Program - Post-Secondary	480,000	220,800
Student Works and Services Program - Community Service	359,962	223,568
Faculty of Education Co-op Program	270,000	-
Tutoring/Work Experience	235,703	1,512
Memorial University Public Policy Program	120,000	-
Grants to Youth Organizations	106,686	205,780
Community Access Program	99,998	100,000
Small Enterprise Co-op Placement Assistance Program - Volunteer Initiative	82,861	108,000
Above and Beyond SWASP	79,453	75,050
Student Summer Support	69,903	34,489
Newfoundland and Labrador Youth Advisory Program	53,390	42,723
Year Round SWASP	45,010	22,000
Social Worker Recruitment Program	41,508	-
Career Related Transitional Wage Program	40,000	-
Rural Practice Work Experience for Medical Students Program	5,530	-
Administration	77	9,956
	6,397,448	4,945,024
Excess of revenue over expenditure (expenditure over revenue)	(1,468,743)	22,558
Surplus, beginning of year	4,022,558	4,000,000
Surplus, end of year	2,553,815	4,022,558

See accompanying notes

NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS
As at 31 March 2003

Authority

The Newfoundland and Labrador Student Investment and Opportunity Corporation (the Corporation) was incorporated on 29 March 2001 under The Corporations Act of the Province of Newfoundland and Labrador. The Province holds the only issued common share. The affairs of the Corporation are managed by a board of directors (the Board) appointed under the direction of the Minister of Youth Services and Post-Secondary Education. All of the board members are full-time employees of the Province of Newfoundland and Labrador.

The objective of the Board is to hold funds and direct expenditures for programs aimed at providing employment experience for students and to assist students in earning money towards their post-secondary education.

1. Significant accounting policies

These financial statements have been prepared by the Board in accordance with Canadian generally accepted accounting principles based on the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

2. Share capital

Share capital consists of:

Authorized
One no par value share

Issued and Outstanding
One no par value share

Pursuant to the direction of the Lieutenant-Governor in Council, the Minister of Youth Services and Post-Secondary Education holds the only issued share of the Corporation on behalf of the Province.

3. Related party transactions

The Corporation is administered by employees of Executive Council, the Department of Youth Services and Post-Secondary Education, the Department of Education, the Department of Human Resources and Employment and the Department of Finance. Programs funded by the Corporation are primarily managed by the Department of Youth Services and Post-Secondary Education. Costs of administration are paid directly by the departments and are reimbursed by the Corporation.

4. Commitments

As at 31 March 2003, the Corporation has entered into agreements representing commitments of $712,023 (31 March 2002 - $146,378).

5. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its approved programs and operating costs, the Corporation's ability to continue is dependent upon the decisions of Government.

6. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

7. Financial instruments

The Corporation's financial instruments recognized in the balance sheet consist of cash, accounts receivable, and account payable, the carrying value of which approximates fair value due to the short-term maturity associated with these instruments.

Newfoundland Cancer Treatment and Research Foundation
Operating and Capital Fund
Financial Statements
March 31, 2003

Grant Thornton

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Trustees
Newfoundland Cancer Treatment and Research Foundation

We have audited the statement of financial position of the **Newfoundland Cancer Treatment and Research Foundation - Operating and Capital Fund** as at March 31, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation's Operating and Capital Fund as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
July 18, 2003

Grant Thornton LLP
Chartered Accountants

P.O. Box 8037
ICON Building
187 Kenmount Road
St. John's
Newfoundland and Labrador
A1B 3M7
T (709) 722-5960
F (709) 722-7892
E StJohns@GrantThornton.ca
W www.GrantThornton.ca

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Newfoundland Cancer Treatment and Research Foundation
Operating and Capital Fund
Statement of Operations

Year Ended March 31	2003	2002
Revenue		
Government of Newfoundland and Labrador	$13,661,754	$12,130,774
MCP grant	2,065,384	2,024,012
Third party billings	46,379	84,848
Sundry	317,471	160,408
	16,090,988	14,400,042
Expenditure		
Advertising and public relations	25,198	16,067
Bad debts	133,545	310,642
Bank charges	21,477	42,952
Books and journals	20,899	23,234
Drugs and medical supplies	4,744,418	4,911,072
Insurance	24,423	15,051
Laboratory supplies and other	65,662	45,191
Meetings and conferences	153,311	127,843
Membership fees	13,982	12,057
Minor equipment and furniture purchases	49,287	11,090
Peripheral clinics	45,797	48,606
Professional services	278,575	294,830
Professional training	131,724	103,114
Out of province referral service	-	14,919
Rent (including equipment rentals)	24,148	13,899
Repairs and maintenance	675,952	517,256
Salaries and benefits	8,438,332	7,779,317
Search for staff and moving costs	54,019	63,184
Stationery and office supplies	90,424	80,344
Telephone	105,851	92,597
Travel	80,869	50,548
	15,177,893	14,573,813
Excess of revenue over expenditure (expenditure over revenue) before undernoted items	913,095	(173,771)
Amortization of deferred capital contributions		
Government	(513,125)	(508,742)
Other	(70,218)	(57,022)
Depreciation	683,431	927,848
Increase in severance pay accrual	99,828	118,778
Increase in vacation pay accrual	51,964	17,728
Donated art work	-	(3,000)
	251,880	495,590
Excess of revenue over expenditure (expenditure over revenue)	$ 661,215	$ (669,361)

See accompanying notes to the financial statements.

Newfoundland Cancer Treatment and Research Foundation
Operating and Capital Fund
Statement of Changes in Net Assets
Year Ended March 31

	Operating Fund	Capital Fund	2003 Total	2002 Total
Balance, beginning of year	$(4,728,102)	$ 1,865,148	**$(2,862,954)**	$(2,208,593)
Excess of revenue over Expenditure (expenditure over revenue)	761,303	(100,088)	**661,215**	(669,361)
Transfer from Board Fund	-	-	-	15,000
Balance, end of year	$(3,966,799)	$ 1,765,060	**$(2,201,739)**	$(2,862,954)

See accompanying notes to the financial statements.

Newfoundland Cancer Treatment and Research Foundation
Operating and Capital Fund
Statement of Financial Position

March 31	2003	2002
Assets		
Current		
Cash and cash equivalents	$ 928,204	$ 184,572
Temporary investments (Note 3)	1,981,715	1,857,877
Receivables (Note 4)	1,061,813	3,668,436
Prepaid expenses	4,032	-
	3,975,764	5,710,885
Capital assets (Note 5)	8,261,156	7,499,240
	$12,236,920	$13,210,125
Liabilities		
Current		
Bank indebtedness (Note 6)	$ 523,280	$ 2,514,130
Payables and accruals	1,994,110	981,261
Due to Health Care Corporation of St. John's	3,862,340	3,529,707
Due to other funds	122,500	190,314
Accrued vacation pay	295,298	243,334
Current portion of accrued severance pay	28,647	21,943
Current portion of long-term debt	334,355	250,783
Deferred revenue	18,592	82,952
	7,179,121	7,814,424
Accrued severance pay	753,015	659,891
Long-term debt (Note 7)	1,000,978	2,261,430
Deferred capital contributions (Note 8)	5,505,544	5,337,334
	14,438,659	16,073,079
Net Assets		
Capital fund	1,765,060	1,865,148
Operating fund	(3,966,799)	(4,728,102)
	(2,201,739)	(2,862,954)
	$12,236,920	$13,210,125

Contingency (Note 10)
Commitments (Note 11)

On Behalf of the Foundation

_________________ Director _________________ Director

See accompanying notes to the financial statements.

Newfoundland Cancer Treatment and Research Foundation
Operating and Capital Fund
Statement of Cash Flows
Year Ended March 31

	2003	2002
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenditure (expenditure over revenue)	$ 661,215	$ (669,361)
Add (deduct) items not requiring a cash outlay		
Amortization of deferred capital contributions	(583,343)	(565,764)
Depreciation	683,431	927,848
Increase in severance pay accrual	99,828	118,778
Increase in vacation pay accrual	51,964	17,728
Donated artwork	-	(3,000)
	913,095	(173,771)
Change in non-cash operating working capital (Note 9)	3,815,899	(2,715,550)
	4,728,994	(2,889,321)
Financing		
(Decrease) increase in bank borrowings	(1,990,850)	2,203,050
Repayment of long-term debt	(1,176,880)	(234,155)
Transfer from Board Fund	-	15,000
	(3,167,730)	1,983,895
Investing		
Increase in temporary investments	(123,838)	(265,068)
Purchase of capital assets	(1,445,347)	(1,138,910)
Capital asset contributions	751,553	2,306,655
	(817,632)	902,677
Net increase (decrease) in cash and cash equivalents	743,632	(2,749)
Cash and cash equivalents		
Beginning of year	184,572	187,321
End of year	$ 928,204	$ 184,572

See accompanying notes to the financial statements.

Newfoundland Cancer Treatment and Research Foundation
Operating and Capital Fund
Notes to the Financial Statements
March 31, 2003

1. Nature of operations

The Newfoundland Cancer Treatment and Research Foundation (the Foundation) was established in 1971 by an Act of the Provincial House of Assembly with a mandate to establish and co-ordinate a cancer control program in Newfoundland and Labrador. Through judicious employment of its resources and collaboration with institutions and community resources, the mission of the Foundation is to serve people of the province by providing excellent and comprehensive cancer treatment; prevention, screening and supportive programs; actively participating in the education of health care professionals and providers; continuing and fostering research of high quality; and operating effective cancer registries.

The Foundation is a public organization and is exempt from income tax and may issue tax-deductible receipts to donors.

2. Summary of significant accounting policies

The accounting policies of the Foundation are in accordance with accounting principles generally accepted in Canada.

Outlined below are those policies considered particularly significant to the Foundation.

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

Temporary investments

Temporary investments are recorded at cost unless there is a loss in value other than a temporary decline.

Capital assets

Capital assets purchased by the Foundation are recorded at cost and those donated to the Foundation are recorded at their estimate fair market value at the date of acquisition. Capital assets are amortized on a straight-line basis as follows:

Building	30 years
Biomedical and other equipment	15 years
Computer equipment	5 years
Office furniture and fixtures	10 years

Donated artwork is recorded at estimated fair market value and is not amortized.

2. Summary of significant accounting policies (cont'd.)

Severance pay

Severance pay is accounted for on the accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on straight-line basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in net assets.

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Clinical trials revenue is recognized in the period in which it is earned based on the terms of the individual contracts.

Budget funding

The Foundation is reimbursed by the Department of Health and Community Services for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

Pension costs

Employees of the Foundation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized in the accounts on a current basis.

3. **Temporary investments**	2003	2002
Provincial bonds	$ 436,831	$ 544,617
Corporate bonds	594,562	544,621
Certificates of deposit	476,100	476,100
Guaranteed investment certificate	205,643	198,593
Government of Canada bonds	94,144	93,946
Marketable securities (market value $161,875)	174,435	-
	$ 1,981,715	$ 1,857,877

Market yields on provincial bonds range from 4.875% to 5.34%; maturity dates range from June 2, 2004 to February 20, 2006.

Market yields on the corporate bonds range from 5.15% to 6.10%; maturity dates range from April 1, 2003 to July 22, 2013.

Market yields on certificates of deposit range from 5.25% to 6.55%; maturity dates range from June 2, 2005 to August 24, 2006.

The guaranteed investment certificate is held with Canadian Imperial Bank of Commerce and yields interest at 2.40%, and expires on May 29, 2003.

Market yields on Government of Canada bonds range from 3.00% to 5.00%; maturity dates range from March 22, 2004 to October 27, 2004.

4. **Receivables**	2003	2002
Due from Government of Newfoundland and Labrador		
Operating		$ 1,825,993
Capital	$ 195,000	495,000
Give to Feel Good Campaign	-	750,000
Newfoundland Medicare Commission (MCP)	695,712	398,922
Canadian Institute for Health Research	125,311	102,288
Clinical trials	19,345	91,050
Other	178,329	176,884
	1,213,697	3,840,137
Less: allowance for doubtful accounts	151,884	171,701
	$ 1,061,813	$ 3,668,436

5. Capital assets

			2003	2002
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Building	$ 3,299,076	$ 829,780	**$ 2,469,296**	$ 2,332,051
Biomedical and other equipment	8,363,179	3,188,251	**5,174,928**	4,645,553
Computer equipment	1,512,262	1,033,747	**478,515**	330,495
Office furniture and fixtures	527,242	424,388	**102,854**	155,578
Donated artwork	35,563	-	**35,563**	35,563
	$13,737,322	$ 5,476,166	**$ 8,261,156**	$ 7,499,240

6. Bank indebtedness

The Foundation has an unsecured operating line of credit of $1,000,000 (2002 - $2,800,000) of which $523,280 (2002 - $2,514,130) had been used as at March 31, 2003. The line of credit bears interest at the prime lending rate.

7. Long term debt

	2003	2002
Demand promissory note, bearing interest at 6.88% per annum, repayable in 120 equal blended instalments of $34,651, maturing November 2006.	**$ 1,335,333**	$ 2,512,213
Less: current portion	**334,355**	250,783
	$ 1,000,978	$ 2,261,430

Principal repayments on long term debt in each of the next four years are as follows: 2004 - $334,355; 2005 - $359,020; 2006 - $384,145; and 2007 - $257,813.

8. Deferred capital contributions

	2003	2002
Balance, beginning of year	$ 5,337,334	$ 3,596,443
Add (Deduct):		
Give to Feel Good Campaign	500,000	750,000
Provincial grant	195,000	1,324,500
Fund development program	33,857	140,655
Memorial University of Newfoundland	18,500	-
Information management fund	4,195	-
Cancer pathology network	-	90,000
Pediatric hematology oncology	-	1,500
Amounts amortized to revenue	(583,342)	(565,764)
Balance, end of year	$ 5,505,544	$ 5,337,334

Deferred capital contributions include the unamortized portions of contributed capital assets and restricted contributions.

9. Supplemental cash flow information

	2003	2002
Change in non-cash operating working capital		
Receivables	$ 2,606,623	$(1,140,366)
Prepaid expenses	(4,031)	2,500
Due to other funds	(67,815)	(114,203)
Due to Health Care Corporation of St. John's	332,633	(925,136)
Payables and accruals	1,012,849	(530,810)
Deferred revenue	(64,360)	(7,535)
	$ 3,815,899	$(2,715,550)

10. Contingency

A claim has been filed against the Foundation by a former employee. No provision has been recorded in the accounts for this claim, as an estimate of loss, if any, is not determinable at this time.

11. Commitments

The Foundation is committed under long-term operating leases for computer and other equipment to make annual lease payments as follows:

2004	$ 21,500
2005	21,500
2006	21,500
2007	5,360
	$ 69,890

12. Financial instruments

The Foundation's primary financial instruments recognized in the balance sheet consist of temporary investments, accounts receivable, current liabilities, accrued severance pay, and long-term debt. The carrying value of the primary financial instruments of the Foundation approximate fair value due to the normal trade credit terms and conditions of those instruments.

13. Comparative figures

Certain of the 2002 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

NEWFOUNDLAND GOVERNMENT FUND LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2002

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Newfoundland Government Fund Limited
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland Government Fund Limited as at 31 December 2002 and the statement of revenue, expenditure and surplus for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
28 March 2003

NEWFOUNDLAND GOVERNMENT FUND LIMITED

BALANCE SHEET

31 DECEMBER 2002

	2002	2001
ASSETS		
Current		
Cash (Note 2)	$ 5,588,863	$ 6,162,496
Due from trust account	-	3,130,390
Accounts receivable	104,047	399,181
Sales tax receivable	4,987	2,884
Subscription proceeds receivable	-	750,000
	5,697,897	10,444,951
Deferred financing costs (Note 3)	1,114,288	1,306,055
Investment in eligible businesses (Note 4)	14,025,000	8,888,000
	$20,837,185	$20,639,006
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 20,905	$ 15,416
Obligations to investors (Note 5)	20,000,000	19,750,000
	20,020,905	19,765,416
Shareholders' equity		
Share capital (Note 6)		
Authorized		
Unlimited common shares of no par value		
Issued		
2 shares	200	200
Surplus	816,080	873,390
	816,280	873,590
	$20,837,185	$20,639,006

See accompanying notes

Signed on behalf of the Board:

Chair

Director

NEWFOUNDLAND GOVERNMENT FUND LIMITED

STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002	2001
REVENUE		
Interest	$708,947	$866,720
EXPENDITURE		
Accounting and auditing fees	5,165	5,344
Amortization of deferred financing costs	261,767	100,387
Bank charges	900	900
Interest paid to investors	383,232	380,534
Miscellaneous	240	322
Reporting and liaison fees	114,953	114,000
	766,257	601,487
Excess of revenue over expenditure (expenditure over revenue)	(57,310)	265,233
Surplus, beginning of year	873,390	608,157
Surplus, end of year	$816,080	$873,390

See accompanying notes

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2002

Authority

Newfoundland Government Fund Limited (the Corporation), formerly known as Newfoundland Government Venture Fund Ltd., was incorporated on 10 November 1995 under the *Corporations Act* of the Province of Newfoundland and Labrador (the Province). All shares of the Corporation are held by Ministers of the Crown on behalf of the Province. Its affairs are governed by a Board of Directors which is elected by the shareholders of the Corporation.

The Corporation is a Government-administered venture capital fund under the *Immigration Act* (Canada) and Regulations. The purpose of the Corporation is to raise funds from immigrant investors in order to provide loan and equity capital to establish, expand, purchase, maintain or revitalize businesses or commercial ventures in the Province which are consistent with the Immigration Regulations. Investment will be directed to the privatization of public services which may include infrastructure projects with a privatization component which will result in economic benefit to the Province.

The Corporation has issued an Offering Memorandum under the Canadian Immigrant Investor Program. The offering is comprised of units each of which represents a $250,000 promissory note. The minimum and maximum amounts of the offering are $3,500,000 (14 units) and $35,000,000 (140 units) respectively. The offering expired on 30 June 1998.

Under the terms of an escrow agreement, subscription funds received from investors are held in trust by the escrow agent until transferred to the Corporation's bank account or until the funds are returned to the investor in the event that the investor's subscription has not been accepted. Interest earned on amounts in escrow is payable to investors who have fully paid the subscription price. As at 31 December 2002, 80 units were issued and outstanding. In addition, deposits totalling $1,261,257 for 17 additional units were held by HSBC Capital Canada Inc. as escrow agent.

1. Significant accounting policies

These financial statements have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Deferred financing costs

The costs relating to the issuance of the Offering Memorandum are deferred until the completion of the offering. These charges are amortized on a pro rata basis, upon funds being disbursed in eligible businesses, over five years which is the minimum holding period of the investment units. (See Note 3)

(b) Investment in eligible businesses

Investment in eligible businesses is recorded at cost. (See Note 4)

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2002

1. Significant accounting policies (cont.)

(c) Obligations to investors

An obligation to an investor is recognized upon acceptance of a subscription by the Corporation. (See Note 5)

2. Restrictions on the use of investor proceeds

Under the terms of the Offering Memorandum, there are certain restrictions on the use of the offering proceeds as follows:

At least 70% of the proceeds of the offering must be invested in the active business operations of eligible businesses within nine months after the day on which the proceeds are released from escrow to the Corporation and should be maintained in the active business operations of eligible businesses for a period of five years. At 31 December 2002, $9,400,000 has been invested in a project involving the construction of a health care facility located at Bonne Bay and $4,625,000 has been invested in a project involving the construction of a school located at Lawn.

Twenty percent of the proceeds must be deposited by the Corporation in a separate repayment account and must be invested in high grade liquid Canadian securities that are readily convertible into cash, as a contingency for the reimbursement of those investors who are refused a Canadian visa. Once all investors have received their Canadian visas or have been reimbursed, the Corporation will maintain the 20% invested in Canadian liquid securities. At 31 December 2002, the Corporation was required to hold $4,000,000 (2001 - $3,600,000) in a repayment account which represents 20% of the proceeds of the 80 closed units.

The remaining 10% of the proceeds is being used to pay all distribution fees, legal, accounting and other fees and expenses of the Corporation.

3. Deferred financing costs

The nature and extent of the costs incurred to date are as follows:

	2002	2001
Accounting and auditing fees	$ 59,066	$ 59,066
Consulting fees	38,085	38,085
Distribution and marketing fees	1,400,000	1,330,000
Escrow application fee	7,500	7,500
Legal fees	169,689	169,689
Other	46,628	46,628
	1,720,968	1,650,968
Less: amortization	(606,680)	(344,913)
Total	$1,114,288	$1,306,055

3. Deferred financing costs (cont.)

Deferred financing costs are amortized on a pro rata basis, upon funds being disbursed in eligible businesses, over five years which is the minimum holding period of the investment units.

4. Investment in eligible businesses

The investment in eligible businesses consists of the following:

Health Care Facility - Bonne Bay

	2002	2001
Investment on 29 November 1999 representing 70% of the proceeds of the Offering Memorandum for 29 investors.	$ 5,000,000	$5,000,000
Investment on 19 December 2000 representing 70% of the proceeds of the Offering Memorandum for 22 investors.	3,888,000	3,888,000
Investment on 11 February 2002 representing 70% of the proceeds of the Offering Memorandum for 3 investors.	512,000	-
	9,400,000	8,888,000
School - Lawn		
Investment on 6 September 2002, representing 70% of the proceeds of the Offering Memorandum for 26 investors.	4,625,000	-
Total investment in eligible businesses	$14,025,000	$8,888,000

The five year holding period for investors commenced on the date of investment in these projects. The investment must be repaid by the private developers to the Corporation five (5) years after the investment date, with the exception of the $512,000 invested in the Bonne Bay project on 11 February 2002. This $512,000 investment is required to be repaid to the Corporation on 29 November 2004 and, as a result, will not be invested in the Bonne Bay project for a period of time sufficient to meet the five (5) year holding period as required by the *Immigration Act* (Canada) and *Regulations*. The Corporation's investments will earn interest at a rate of 5% per annum.

On 11 October 2002, the Corporation approved a further amount of $121,000 to be invested in the construction of the school in Lawn in order to cover increased expenditures; however, as of 28 March 2003 these additional funds have not yet been advanced.

5. Obligations to investors

Obligations to investors of $20,000,000 (2001 - $19,750,000) represent the capital invested by immigrant investors in the Corporation. In addition to earning a return on their capital, their investment in the Corporation helps satisfy a portion of their visa requirements under the Canadian Immigrant Investor Program. Each investment unit represents a $250,000 promissory note, bearing interest at 2% payable annually. Although the promissory note is repayable in full, five years from the date on which 70% of the investor proceeds are invested or upon refusal of an investor's Canadian visa application, neither the Government of Canada nor the Government of Newfoundland and Labrador offers any guarantees or assurances of a return on an investor's original investment and neither Government is liable for any loss or damages that may be suffered by an investor as a result of the investment in the securities.

The Corporation is required to complete investments within nine months from the investors' closing dates and promissory notes are repayable five years from investment dates. The *Immigration Act* (Canada) and Regulations contain provisions which require that the five year term to maturity of a unit be extended if and for so long as a minimum of 70% of the proceeds of the Offering ceases to be invested in the active business operations of eligible businesses. Due to delays in the Corporation's investment in eligible businesses, certain promissory notes will be repaid at later dates. As a result, the Corporation has agreed to pay interest at a rate of 5% for any period a promissory note is outstanding beyond the five years and nine months from the investor's closing date.

The five year holding periods for 54 investor units nominally allocated to the investment in a health care facility in Bonne Bay commenced 29 November 1999 (29 units), 19 December 2000 (22 units), and 11 February 2002 (3 units).

The five year holding periods for 26 investor units nominally allocated to the investment in a school at Lawn commenced 6 September 2002.

Principal repayments in each of the following five years are as follows:

2003 - $ -
2004 - $5,512,000
2005 - $3,888,000
2006 - $ -
2007 - $4,625,000

6. Share capital

The shareholders of the Corporation are not entitled to a declaration or distribution of dividends until the expiry of 180 days from the maturity date of the investment units.

7. Related party transactions

For administrative purposes the Corporation is operated by the Department of Finance. Expenses related to salaries, accommodations and administration are incurred directly by the Department and no provision is made in these financial statements for those expenditures.

8. Financial instruments

The purpose of the Corporation is to raise capital from immigrant investors and invest in eligible business projects in the Province. At 31 December 2002, the Corporation has invested $14,025,000 of the proceeds of the Offering Memorandum. The Corporation will earn 5% per annum on this investment.

Fair value

The carrying values of accounts receivable, sales tax receivable, subscription proceeds receivable, and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments. Due to the unique features associated with the obligations to the investors, fair value of these financial liabilities cannot be reliably determined. Prior to the completion of the Offering Memorandum, the face value of the units being offered provides the best estimate of the fair value. However, once the units have been issued, restrictions exist to prevent the transfer of ownership and, therefore, no secondary market exists for issued units.

Interest rate risk

Interest rate risk reflects the risk that the Corporation's earnings will decline due to fluctuations in interest rates. The Corporation's cash is held in bank accounts bearing an interest rate based on prime. The investment in eligible businesses bears an interest rate of 5% per annum. The interest rate on the obligation to investors is fixed at 2% annually, although certain investors will earn 5% per annum for any period their promissory notes remain outstanding beyond the five years and nine months from the investors' closing dates.

Credit risk

Credit risk reflects the risk that parties owing monies to the Corporation will fail to discharge their obligations.

9. Economic dependence

As a result of its reliance on actions by Citizenship and Immigration Canada and investment decisions by the Government of Newfoundland and Labrador, the Corporation's ability to continue viable operations is dependent on such actions.

10. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND HARDWOODS LIMITED

Auditor's Report

Financial Statements

Year ended March 31, 2003

AUDITOR'S REPORT

To the Shareholders of Newfoundland Hardwoods Limited:

I have audited the balance sheet of Newfoundland Hardwoods Limited as at March 31, 2003 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2003 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

CHARTERED ACCOUNTANT

Clarenville, Newfoundland
June 29, 2003

DERRICK R. DRODGE
CHARTERED ACCOUNTANT

NEWFOUNDLAND HARDWOODS LIMITED

Balance Sheet

March 31, 2003

Assets

	2003	2002
Current assets:		
Cash and term deposits	$ 132,862	133,960
Receivables - other	--	240
	$ 132,862	134,200

Liabilities and Shareholders' Equity

	2003	2002
Current liabilities:		
Payables and accruals	$ 1,500	1,500
Total current liabilities	1,500	1,500
Contingent losses (Note 2)	--	--
Commitments (Note 3)	--	--
Shareholders' equity:		
Common shares of no par value:		
Authorized an unlimited number; issued and fully paid at stated value, 253 shares	25,300	25,300
Retained earnings, per accompanying statement	106,062	107,400
Total shareholders' equity	131,362	132,700
	$ 132,862	134,200

See Accompanying Notes

Approved: ____________________ Director

____________________ Director

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Income and Retained Earnings

Year ended March 31, 2003

	2003	2002
Revenue - interest	$ 519	4,712
Administrative expenses:		
Environmental remediation costs	--	1,210
Interest and bank charges	7	66
Professional and consulting fees	1,850	2,528
Stationery and office supplies	--	50
	1,857	3,854
Net income (loss)	(1,338)	858
Retained earnings, beginning of year	107,400	148,656
	106,062	149,514
Dividends paid during year	--	42,114
Retained earnings, end of year	$ 106,062	107,400

See Accompanying Notes

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Cash Flows

Year ended March 31, 2003

	2003	2002
Cash provided by operating activities:		
Net income (loss)	$ (1,338)	858
Changes in non-cash working capital balances:		
Receivables	240	41,874
Payables and accruals	--	(806)
	(1,098)	41,926
Payment of dividends	--	(42,114)
Decrease in cash	(1,098)	(188)
Cash, beginning of year	133,960	134,148
Cash, end of year	$ 132,862	133,960

See Accompanying Notes

NEWFOUNDLAND HARDWOODS LIMITED

Notes to the Financial Statements

March 31, 2003

1. Divestiture:

During the 1996 fiscal year the company sold the property and equipment and inventory relating to its wood preservation and asphalt manufacturing operations to IPB - WPI International Limited and Newfoundland and Labrador Asphalt Limited respectively. The Company has consequently ceased commercial operations.

2. Contingent losses:

Environmental concerns:

The Government of Newfoundland and Labrador, through an environmental indemnity provided to IPB - WPI International Limited and Newfoundland and Labrador Asphalt Limited, has released the purchasers of any and all present and future liabilities which may result from the presence, release, loss, discharge, leakage or spillage of hazardous material on, at or from the properties formerly owned and operated by Newfoundland Hardwoods Limited up to the date of the said agreements.

3. Commitments:

The company had committed to the dismantling and removal of five surplus storage tanks from the present location. As of the balance sheet date, four of these tanks have been removed and the costs of such have been reflected in these financial statements.

Financial Statements of

NEWFOUNDLAND LIQUOR CORPORATION

March 31, 2003

Deloitte
& Touche

Deloitte & Touche LLP
Deloitte & Touche Inc.
Fort William Building
10 Factory Lane
St. John's NL A1C 6H5
Canada

Tel: (709) 576 8480
Fax: (709) 576 8460
www.deloitte.ca

Deloitte
& Touche

Auditors' Report

To the Board of Directors of
Newfoundland Liquor Corporation

We have audited the balance sheet of the Newfoundland Liquor Corporation as at March 31, 2003 and the statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants
August 4, 2003

NEWFOUNDLAND LIQUOR CORPORATION

Statement of Earnings

Year ended March 31, 2003

	2003 $	2002 $
SALES	118,216,852	108,454,825
COST OF GOODS SOLD		
Inventory, beginning of the year	23,296,912	22,377,427
Purchases	50,985,109	45,751,932
Cost of goods available for sale	74,282,021	68,129,359
Less: Inventory, end of the year	24,161,050	23,296,912
	50,120,971	44,832,447
GROSS PROFIT	68,095,881	63,622,378
COMMISSION REVENUE ON SALE OF BEER	46,849,362	46,692,613
OTHER INCOME		
Commission on licensee purchases	2,648,988	2,634,976
Interest	494,480	626,899
Miscellaneous	868,964	683,469
	4,012,432	3,945,344
EARNINGS FROM OPERATIONS	118,957,675	114,260,335
ADMINISTRATIVE AND OPERATING EXPENSES (Schedule 1)	26,686,918	21,142,552
NET EARNINGS	92,270,757	93,117,783

NEWFOUNDLAND LIQUOR CORPORATION

Statement of Retained Earnings

Year ended March 31, 2003

	2003 $	2002 $
BALANCE, BEGINNING OF YEAR	**37,412,528**	35,294,745
NET EARNINGS	**92,270,757**	93,117,783
	129,683,285	128,412,528
PAYMENTS TO THE PROVINCE OF NEWFOUNDLAND AND LABRADOR	**93,000,000**	91,000,000
BALANCE, END OF YEAR	**36,683,285**	37,412,528

NEWFOUNDLAND LIQUOR CORPORATION

Balance Sheet

March 31, 2003

	2003	2002
	$	$
ASSETS		
CURRENT		
Cash	11,051,136	14,309,395
Accounts receivable	3,374,836	3,219,556
Beer commissions receivable	3,948,512	4,256,090
Inventories, at cost (Note 3)	24,161,050	23,296,912
Prepaid expenses	480,891	554,603
	43,016,425	45,636,556
CAPITAL ASSETS (Note 4)	8,283,500	5,655,864
LEASED ASSETS (Note 5)	4,084,679	1,843,601
INTANGIBLE ASSETS (Note 6)	122,004	142,203
	55,506,608	53,278,224
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	15,518,879	12,958,110
Accrued vacation pay	882,823	665,402
Current portion of long term debt (Note 7)	100,000	100,000
Current portion of obligation under capital lease (Note 8)	48,751	-
	16,550,453	13,723,512
ACCRUED SEVERANCE PAY	2,210,396	2,042,184
LONG TERM DEBT (Note 7)	-	100,000
OBLIGATION UNDER CAPITAL LEASE (Note 8)	62,474	-
	18,823,323	15,865,696
EQUITY		
Retained earnings	36,683,285	37,412,528
	55,506,608	53,278,224

ON BEHALF OF THE BOARD:

Gerald

PRESIDENT

Smith

CHAIRMAN OF THE BOARD

NEWFOUNDLAND LIQUOR CORPORATION

Statement of Cash Flows

Year ended March 31, 2003

	2003	2002
	$	$
OPERATING ACTIVITIES		
Net earnings	92,270,757	93,117,783
Adjustments for:		
Amortization	1,550,941	682,593
Loss (gain) on disposal of capital assets	6,270	(5,285)
Accrual for vacation pay	217,422	146,083
Accrual for severance pay	168,212	158,869
Net change in non-cash operating working capital	1,922,639	640,405
	96,136,241	94,740,448
INVESTING ACTIVITIES		
Proceeds on disposal of capital assets	162	14,832
Purchase of capital assets	(6,258,803)	(3,277,068)
	(6,258,641)	(3,262,236)
FINANCING ACTIVITIES		
Payments to the Province of Newfoundland and Labrador	(93,000,000)	(91,000,000)
Repayment of long term debt	(100,000)	(100,000)
Repayment of obligation under capital lease	(35,859)	-
	(93,135,859)	(91,100,000)
NET (DECREASE) INCREASE IN CASH	(3,258,259)	378,212
CASH, BEGINNING OF YEAR	14,309,395	13,931,183
CASH, END OF YEAR	11,051,136	14,309,395

1. DESCRIPTION OF BUSINESS

The Newfoundland Liquor Corporation (the "Corporation") is a provincial crown corporation responsible for managing the importation, sale and distribution of beverage alcohol throughout Newfoundland and Labrador.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following accounting policies:

Revenue recognition

Revenue is recognized when goods have been sold and all contractual obligations have been met and collection is reasonably assured.

Inventories

Inventory is recorded at the lower of net realizable value or cost, which is measured at actual landed cost including freight and federal taxes.

Capital assets

Capital assets are recorded at cost. Amortization is recorded over the expected useful life of the asset on a straight line basis as follows:

Buildings	20 years
Store equipment and fixtures	5 years
Motor vehicles	3 years
Office furniture and equipment	5 years and 10 years
Plant and warehouse equipment	5 years

Leased assets

Leased assets are recorded at cost. Amortization is recorded over the terms of the leases on a straight line basis as follows:

Leasehold improvements	1 to 20 years
Leased land	30 years

Intangible assets

Intangible assets consist of a trademark which is recorded at cost and amortized on a straight line basis over a ten-year period.

2. ACCOUNTING POLICIES (Continued)

Severance pay

A liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such payment. No provision for severance pay liability is made for employees who have less than nine years of continual service.

Use of estimates

The preparation of the Corporation's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. INVENTORIES

	2003	2002
	$	$
Head office	**8,258,845**	10,777,968
Branch stores	**6,896,501**	5,889,281
Stock in transit	**6,105,643**	3,227,531
Raw materials	**1,240,733**	1,259,271
Finished goods	**1,640,914**	2,124,447
Work in progress	**18,414**	18,414
	24,161,050	23,296,912

4. CAPITAL ASSETS

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Land	**1,128,841**	**-**	**1,128,841**	1,128,841
Buildings	**7,286,760**	**4,049,923**	**3,236,837**	3,163,166
Store equipment and fixtures	**2,173,598**	**1,080,504**	**1,093,094**	185,615
Motor vehicles	**133,495**	**86,702**	**46,793**	59,389
Office furniture and equipment	**3,906,622**	**1,666,661**	**2,239,961**	782,352
Plant and warehouse equipment	**3,038,781**	**2,500,807**	**537,974**	336,501
	17,668,097	**9,384,597**	**8,283,500**	5,655,864

5. LEASED ASSETS

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Leasehold improvements	8,821,532	4,927,083	3,894,449	1,769,985
Leased land	248,925	183,673	65,252	73,616
Leased equipment	147,085	22,107	124,978	-
	9,217,542	5,132,863	4,084,679	1,843,601

6. INTANGIBLE ASSETS

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Trademark	202,800	80,796	122,004	142,203

7. LONG TERM DEBT

	2003	2002
	$	$
11.35% debenture, issued to Brant Investments and held by National Trust Company Limited, repayable in annual principal instalments of $100,000	100,000	200,000
Less: current portion	100,000	100,000
	-	100,000

These debentures are guaranteed unconditionally, as to principal and interest, by the Province of Newfoundland and Labrador.

8. OBLIGATION UNDER CAPITAL LEASE

	$
IBM Canada Limited, capital equipment lease repayable in monthly instalments of $5,226 to June 30, 2006	114,112
Less: Interest on obligation	(2,887)
	111,225
Less: Current portion	48,751
	62,474

9. FINANCIAL INSTRUMENTS

The Corporation's financial instruments included in current assets and current liabilities approximate fair value due to their short term to maturity. The Corporation intends to hold its long-term debt instruments to maturity and therefore does not expect any differences between carrying value and fair market value will be recorded in the accounts.

10. LEASE COMMITMENTS

The Corporation has entered into rental leases covering retail outlets. Annual lease obligations for the next five years are as follows:

	$
2004	1,064,821
2005	914,791
2006	757,938
2007	431,510
2008	269,381
	3,438,441

11. RELATED PARTY TRANSACTIONS

The Corporation is leasing office and warehouse space in St. John's from the Department of Works, Services and Transportation. These leases are rent free; however, all operating and maintenance costs related to the buildings are the responsibility of the Corporation.

12. PENSIONS

The Corporation and its employees are subject to the Public Service Pensions Act effective June 26, 1973. Pension contributions deducted from employees' salaries are matched by the Corporation and then remitted to the Province of Newfoundland Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension expense for the year is $695,175 (2002 - $524,682).

SCHEDULE 1

NEWFOUNDLAND LIQUOR CORPORATION

Schedule of Administrative and Operating Expenses

Year ended March 31, 2003

	2003 $	2002 $
Salaries and employee benefits	**13,769,656**	11,530,505
Agency store commission and expenses	**3,666,972**	3,199,520
Rent	**1,233,252**	1,021,951
Marketing	**986,863**	765,615
Professional fees	**843,909**	292,389
Amortization on capital assets	**771,440**	502,108
Amortization on leased assets	**667,685**	108,888
Interest and bank charges	**607,064**	495,937
Repairs and maintenance	**560,410**	269,668
Heat and light	**418,123**	319,736
Staff training	**363,329**	188,225
Freight to stores	**316,754**	299,072
Stationery and office supplies	**305,625**	236,010
Travel	**273,847**	298,897
Miscellaneous	**269,799**	196,563
Cleaning	**255,347**	171,812
Communications	**254,886**	181,038
Store supplies and wrapping	**207,655**	169,331
Municipal taxes	**124,725**	122,242
Security	**115,471**	107,313
Inventory breakage and storage	**109,630**	108,364
Bad debt expense	**100,684**	115,216
Uniforms	**71,658**	20,052
Postage	**60,796**	60,218
Directors' fees and expenses	**58,602**	53,450
Insurance	**58,511**	52,602
Consulting fees	**51,395**	72,373
Staff recruitment	**40,049**	14,369
Dues and subscriptions	**36,433**	42,084
Advertising	**35,452**	18,325
Interest on long term debt	**22,765**	32,347
Motor vehicle expense	**21,861**	16,934
Loss (gain) on disposal of capital assets	**6,270**	(5,285)
Inventory storage charges	-	64,683
	26,686,918	21,142,552

NEWVEST REALTY CORPORATION

FINANCIAL STATEMENTS

31 DECEMBER 2002

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Shareholder
Newvest Realty Corporation

I have audited the balance sheet of Newvest Realty Corporation as at 31 December 2002 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
21 February 2003

NEWVEST REALTY CORPORATION

BALANCE SHEET

31 DECEMBER 2002

	2002	2001
ASSETS		
Income producing properties (Note 2 and Note 10)	$36,854,865	$ -
Deferred charges (Note 3)	1,564,860	67,428
Prepaid expenses	21,448	-
Refundable deposit	-	50,000
Accounts receivable (Note 4)	48,287	6,330
Cash	370,196	48,188
	$38,859,656	$171,946
LIABILITIES AND EQUITY		
Mortgages payable (Note 5)	$11,784,613	$ -
Accounts payable and accrued liabilities	636,985	81,975
Dividends payable (Note 6)	491,950	-
	12,913,548	81,975
Shareholder's equity		
Share capital (Note 6 and Note 10)	25,905,000	101,000
Retained earnings (deficit)	41,108	(11,029)
	25,946,108	89,971
	$38,859,656	$171,946
Equity per share (Note 6)	$ 10.02	$ 8.91

See accompanying notes

Signed on behalf of the Board: ______________________ **Chairperson**   M McCarthy **Director**

NEWVEST REALTY CORPORATION

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2002

(with comparative figures for the period 9 August 2001 to 31 December 2001)

	2002	2001
Property income		
Rent and parking	$1,332,072	$ -
Expense recoveries	520,160	-
	1,852,232	-
Less: Property operating expenses	842,729	-
Property operating income	1,009,503	-
Less: Mortgage interest	305,386	-
	704,117	-
Investment and other income	9,898	-
	714,015	-
Other expenses		
Administrative costs	124,674	11,029
Portfolio management fee	45,254	-
	169,928	11,029
Net income (loss) for the year	544,087	(11,029)
Deficit, beginning of year	(11,029)	-
Dividends (Note 6)	(491,950)	-
Retained earnings (deficit), end of year	$ 41,108	$(11,029)

See accompanying notes

NEWVEST REALTY CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2002

(with comparative figures for the period 9 August 2001 to 31 December 2001)

	2002	2001
Cash flows from operating activities		
Net income (loss) for the year	$ 544,087	$(11,029)
Changes in non-cash working capital		
Accounts receivable	(41,957)	(6,330)
Prepaid expenses	(21,448)	-
Deferred charges	(1,497,432)	(67,428)
Accounts payable and accrued liabilities	555,010	81,975
	(461,740)	(2,812)
Cash flows from investing activities		
Additions to properties	(36,854,865)	-
Funds held in trust	50,000	(50,000)
	(36,804,865)	(50,000)
Cash flows from financing activities		
Proceeds from mortgages	11,830,826	-
Repayments of mortgages	(46,213)	-
Issuance of common shares (Note 6)	25,804,000	101,000
	37,588,613	101,000
Increase in cash during the year	322,008	48,188
Cash, beginning of year	48,188	-
Cash, end of year	$ 370,196	$ 48,188

See accompanying notes

NEWVEST REALTY CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2002

Authority

Newvest Realty Corporation was incorporated on 9 August 2001 under the *Canada Business Corporations Act*. It is also registered under the *Corporations Act* of the Province of Newfoundland and Labrador. The Corporation has its headquarters in Toronto, Ontario. All shares of the Corporation are held by the Province of Newfoundland and Labrador Pooled Pension Fund (the Fund). Board members are appointed by the Pension Investment Committee of the Fund. The purpose of the Corporation is to invest monies received from the Fund in Canadian real estate property.

1. Significant accounting policies

(a) The Corporation's accounting policies follow Canadian generally accepted accounting principles. The Corporation's accounting policies and standards of financial disclosure are in accordance with the recommendations of the Canadian Institute of Public Real Estate Companies.

(b) Income producing properties acquired during the year are recorded at cost. These properties will be adjusted to their appraised values in accordance with the Corporation's appraisal policy which requires properties to be appraised at least once every two years by professionally qualified independent appraisers. The external appraisals will be completed in six month cycles on approximately one quarter of the Corporation's portfolio. The properties that are not externally appraised during each six month cycle will be appraised by Penreal Capital Management Limited Partnership. The first appraisal cycle will begin on 30 June 2003. The appraisals will be in accordance with generally accepted appraisal practices and procedures, based mainly on the discounted cash flows of income approach. The net unrealized appraisal increases or decreases and adjustments to market yields for related mortgage financing as computed by the Corporation, will be included in the carrying value of the properties and mortgages payable, respectively, and recorded directly as a separate component of shareholder's equity.

Depreciation is not recorded on properties as it is not considered meaningful when the objective of the business is to acquire, develop and hold property for eventual sale. The properties are carried at annually appraised values which take into account the actual condition of the properties.

(c) The Corporation capitalizes leasing costs and all direct costs relating to the acquisition of all properties.

(d) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent; however, actual results could differ from these estimates.

(e) The Corporation defers and amortizes financing penalties over the term of the related mortgages.

NEWVEST REALTY CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2002

2. Income producing properties, at cost

	2002	2001
(a) White Rock Apartments		
White Rock Apartments, acquired 15 April 2002, is comprised of two adjoining apartment complexes, White Rock Gardens and Bayview Chateau, located in White Rock, British Columbia. White Rock Gardens consists of six, two-storey wood-frame garden apartments with 48 units on a 1.85 acre site, completed in 1969. Bayview Chateau is a six-storey concrete apartment building with 45 units on a 1.54 acre site, completed in 1967.	$ 9,251,345	$ -
(b) Sperling Plaza		
Sperling Plaza, acquired 29 July 2002, is comprised of two, four-storey suburban office buildings, completed in 1974 and 1975, with 129,830 rentable square feet located in Burnaby, British Columbia.	15,587,886	-
(c) 440 Eglinton Avenue East		
440 Eglinton Ave East, acquired 13 December 2002, is a 90 unit multi-family residential property, approximately 40 years old, located in Toronto, Ontario.	12,015,634	-
	$36,854,865	$ -

NEWVEST REALTY CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2002

3. Deferred charges

	2002	2001
(a) Pre-acquisition costs The pre-acquisition costs relate to a real estate property which was under contract for purchase by the Corporation at 31 December 2002 and subsequently acquired on 16 January 2003. During the year, pre-acquisition costs of $97,409 were expensed.	**$1,236,090**	$67,428
(b) Commitment fee The commitment fee of $260,000 was disbursed to The Great West Life Assurance Company to secure terms and conditions of the mortgage.	**260,000**	-
(c) Deferred financing penalty, net of accumulated amortization of $11,350. The deferred financing penalty of $80,120 was incurred to buy down the rate on the mortgage, held by The Manufacturers Life Insurance Company, to 6.5%. The penalty is being amortized over the term of the mortgage commencing 15 April 2002.	**68,770**	-
	$1,564,860	$67,428

4. Related party transaction

Accounts receivable of $48,287 include an amount of $1,000 which is receivable from the Province of Newfoundland and Labrador Pooled Pension Fund.

NEWVEST REALTY CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2002

5. Mortgages payable

		2002	2001
(a)	Mortgage, held by The Manufacturers Life Insurance Company, repayable in monthy installments of $32,152, including interest calculated at a rate of 6.5% per annum, maturing 1 May 2007, secured by a freehold first mortgage registered against title to the property, a general security agreement, and a first general assignment of rents.	$ 4,753,787	$ -
(b)	Mortgage, held by Navy and Jim Investments Corp., interest calculated at a rate of 5% per annum, maturing 3 March 2003, secured by a charge on the title to the property.	7,030,826	-
		$11,784,613	$ -

Principal repayments to be made during the next five years are as follows:

2003	$ 7,114,173
2004	88,853
2005	94,722
2006	100,979
2007	4,385,886
	$11,784,613

NEWVEST REALTY CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2002

6. Share capital

The authorized capital of the Corporation consists of an unlimited number of common shares without par value. The shares may be issued only to the Province of Newfoundland and Labrador Pooled Pension Fund. The sale, transfer or other disposition of shares is restricted.

The continuity of share capital is as follows:

	Number of shares	Amount
Balance, 31 December 2001	10,100	$ 101,000
Shares issued for cash during the year	2,580,400	25,804,000
Balance, 31 December 2002	2,590,500	$25,905,000

Equity per share is calculated as net asset value divided by the number of shares issued and outstanding at year end.

Dividends are payable to the holder of common shares on a quarterly basis based on the net income for the quarter ended, less reasonable reserves as determined by Penreal Capital Management Limited Partnership, divided by the number of then issued and outstanding common shares.

7. Portfolio investment manager

The Corporation has an Investment Services Agreement with Penreal Capital Management Limited Partnership (Penreal) dated 30 June 2001, under which Penreal and an entity related to Penreal are responsible for the acquisition, disposal, leasing and management of real estate properties and performance of all administrative functions on behalf of the Corporation. During the year, charges of $267,323 (2001 - $nil) were incurred. These fees are charged in the financial statements to income producing properties, property operating expenses and portfolio management fee.

8. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, accounts payable and accrued liabilities, dividends payable and mortgages payable, the carrying values of which approximate fair value due to the normal trade credit terms and conditions of those instruments.

NEWVEST REALTY CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2002

9. Income taxes

The Corporation, as a Canadian pension corporation, is exempt from income taxes under Section 149(1)(o.2) of the *Income Tax Act*.

10. Subsequent events

(a) Issue of share capital

On 10 January 2003, the Corporation issued 840,000 common shares to the Province of Newfoundland and Labrador Pooled Pension Fund for cash consideration of $8.4 million.

(b) Acquisition of an income producing property

On 16 January 2003, the Corporation acquired an income producing property at a cost of $21.24 million. This acquisition was partially financed through the issue of common shares on 10 January 2003 having a total value of $8.25 million. The remaining acquisition cost was financed through a mortgage of $12.99 million. The mortgage is held by The Great West Life Assurance Company at an interest rate of 5.68% per annum, repayable in blended monthly instalments of $90,207, maturing 1 February 2013, secured by the following:

(i) First Mortgage on freehold land and improvements described as 2 Silver Maple Court, Brampton, Ontario, insured by Canada Mortgage and Housing Corporation.

(ii) First-ranking general assignment of leases and/or rents of the lands.

(iii) Security agreement creating a first-ranking security interest over all of the Corporation's present and after-acquired personal property located on, related to or used or acquired in connection with, or arising from or out of, the lands.

11. Comparative figures

Certain of the comparative figures for 2001 have been reclassified to conform with the current year's presentation.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
FINANCIAL STATEMENTS/AUDITOR'S REPORT

June 30, 2002

CA

DAVID G. PURCHASE
CHARTERED ACCOUNTANT

P.O. Box 902
Suite 325
Millbrook Mall
Corner Brook, Newfoundland
A2H 6J2
Phone (709) 634-6790
Fax (709) 634-6797

AUDITOR'S REPORT

To the Members of

School District #2,
Northern Peninsula/Labrador South

I have audited the balance sheet of the current and capital funds of School District #2, Northern Peninsula/Labrador South, as at June 30, 2002, and the statements of current revenue, expenditure and board equity, and changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2002, and the results of its operations and the changes in its capital financial position for the year then ended in accordance with generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

CORNER BROOK, NEWFOUNDLAND
20 September 2002

David G. Purchase
CHARTERED ACCOUNTANT

CA

DAVID G. PURCHASE
CHARTERED ACCOUNTANT

P.O. Box 902
Suite 325
Millbrook Mall
Corner Brook, Newfoundland
A2H 6J2
Phone (709) 634-6790
Fax (709) 634-6797

AUDITOR'S REPORT

To the Members of

School District #2
Northern Peninsula/Labrador South

In compliance with the requirements of Section 17 of the Schools Act, I report as follows on my examination of the accounts of School District #2, Northern Peninsula/Labrador South, for the year ended June 30, 2002.

SUFFICIENCY OF BONDS

Bond coverage of $50,000 is carried on the Business Manager and others in the Board office responsible for the collection, receipt and depositing of Board funds. In addition, bond coverage of $20,000 is carried covering School Board Principals, Vice Principals and Secretaries.

In my opinion, the bond coverage carried is sufficient.

CORNER BROOK, NEWFOUNDLAND
20 September 2002

David G. Purchase
CHARTERED ACCOUNTANT

(Name of School Board)

Balance Sheet

June 30, 2002

	2002	2001
Assets		
Current Assets		
Cash (Supp. Info. 1)	$ 14,351	$ 8,723
Short Term Investments (Supp. Info. 2)	5,173	5,173
Accounts Receivable (Note 2)	234,335	377,339
Prepaid Expenses (Supp. Info. 3)	63,604	20,893
Total Current Assets	317,463	412,128
Property and Equipment (Sch. 8)	37,745,664	37,634,488
	$ 38,063,127	$ 38,046,616
Liabilities and Board Equity		
Current Liabilities	$	$
Bank Indebtedness (Note 3)	179,011	276,579
Accounts Payable and Accrued (Note 4)	4,965,620	4,718,364
Current Maturities (Schedule 9A)	31,570	26,038
Total Current Liabilities	5,176,201	5,020,981
Long-Term Debt (Schedule 9)	292,637	244,316
Board Equity		
Investment In Capital Assets (Note 6)	37,421,457	37,364,135
Reserve Account (Note 5)		
Board Equity	(4,827,168)	(4,582,816)
Total Board Equity	32,594,289	32,781,319
	$ 38,063,127	$ 38,046,616

See Accompanying Notes

Approved: ____________ Chairman

Hubert [illegible] Secretary

SCHOOL DISTRICT #2
(Name of School Board)

Statement of Current Revenues, Expenditures and Board Equity

Year Ended June 30, 2002

Current Revenue (Schedule 1)		
Provincial Government Grants	$25,270,809	$24,043,759
Donations	204,843	201,604
Ancillary Services	11,681	11,614
Miscellaneous	263,562	280,913
	25,750,895	24,537,890
Current Expenditures		
Administration (Schedule 2)	963,601	959,947
Instruction (Schedule 3)	20,796,320	19,614,779
Operations and Maintenance (Schedule 4)	2,702,185	2,801,494
Pupil Transportation (Schedule 5)	1,516,608	1,420,300
Ancillary Services (Schedule 6)		
Interest Expense (Schedule 9C)	3,614	27,542
Miscellaneous Expense (Schedule 7)		
	25,982,328	24,824,062
23 111 (Deficiency) Excess of Revenue over Expenditures	(231,433)	(286,172)
Transfer (to) from Capital	(12,919)	--
Net Increase/Decrease in Board Equity	(244,352)	(286,172)
Board Equity (Deficit), Beginning of Year	(4,582,816)	(4,296,644)
	(4,827,168)	(4,582,816)
Less Transferred to Reserve Account	--	--
Board Equity (Deficit), End of Year	$(4,827,168)	(4,582,816)
Board Equity (Deficit) consists of:		
Board Equity (Deficit) before Accrued Severance	(197,724)	(189,701)
Less: Accrued Severance		
Teachers	(4,214,499)	(4,017,258)
Support Staff	(414,945)	(376,487)
	(4,629,444)	(4,393,745)
Board Deficit, End of Year	$(4,827,168)	(4,582,816)

(Name of School Board)

Statement of Changes in Financial Position
Year Ended June 30, 2002

		2002	2001
60	**Operating Activities**		
011	Excess of Revenue over Expenditures	$ (231,433)	$ (286,172)
012	Changes in Non-Cash Working Capital		
013	- Short-Term Investments		
014	- Accounts Receivable	143,004	288,908
015	- Prepaid Expenses	(42,711)	(4,487)
014	- Accounts Payable & Accrued Expenses	247,256	(34,260)
015	- Current Maturities		
016	Other (Specify)		
		116,116	(36,011)
61	**Financing Activities**		
011	Proceeds from Bank Loans	78,852	75,324
012	Grants - Capital	60,048	178,364
013	Other Capital Revenues		
014	Changes in Long-Term Debt	(24,999)	(18,206)
015	Other (Specify) Debt repayment by operating	24,999	18,206
		138,900	253,688
62	**Investing Activities**		
011	Proceeds in Sale of Capital Assets	700	--
012	Additions to Property and Equipment	(152,520)	(253,688)
013	Other (Specify)		
		(151,820)	(253,688)
63	**Increase (decrease) in Cash**	103,196	(36,011)
64	**Cash, Beginning of the Year**	(267,856)	(231,845)
65	**Cash, End of the Year**	$ (164,660)	$(267,856)
	Cash, End of Year, consists of:		
	Cash	$ 14,351	8,723
	Bank indebtedness	(179,011)	(276,579)
		$(164,660)	(267,856)

(Name of School Board)
Statement of Changes in Capital Fund
Year Ended June 30, 2002

70	**Capital Receipts**	2002	2001
71	**Proceeds from Bank Loans**		
011	- School Construction	$	$
012	- Equipment		
013	- Service Vehicles		
014	- Pupil Transportation	78,852	75,324
015	- Other (Specify)		
		78,852	75,324
72	**DEC Grants**		
011	School Construction and Equipment		
012	Other (Specify) EIC	60,048	178,364
		60,048	175,364
73	**Donations**		
011	- Cash Receipts		
012	- Non-Cash Receipts		
013	- Restricted Use		
74	**Sale of Capital Assets - Proceeds**		
011	- Land		
012	- Buildings		
013	- Equipment		
014	- Service Vehicles		
015	- Pupil Transportation Vehicles	700	--
016	- Other (Specify)		
		700	--
75	**Other Capital Revenues**		
011	- Interest on Capital Fund Investments		
012	- Premiums on Debentures		
013	- Recoveries of Expenditures		
015	- Insurance Proceeds		
016	- Native Peoples Grants		
017	- Miscellaneous (Specify)		
Total Capital Receipts			
77	**Transfer from Reserve Account**		
78	**Transfer to/from Current Fund**	12,919	--
Total		$ 152,519	$ 253,688

See Accompanying Notes

SCHOOL DISTRICT #2

(Name of School Board)

Statement of Changes in Capital Fund (Cont'd)

Year Ended June 30, 2002

80		**Capital Disbursements**		
81		**Additions to Property & Equipment**	$	$
	011	- Land and Sites	--	11,540
	012	- Buildings	73,667	146,463
	013	- Furniture & Equipment - School		
	014	- Furniture & Equipment - Other	--	20,361
	015	- Service Vehicles		
	016	- Pupil Transportation	78,852	75,324
	017	- Other (Specify)		
			152,519	253,688
82		**Principal Repayment of Long Term Debt**		
	011	- School Construction		
	012	- Equipment		
	013	- Service Vehicles		
	014	- Other (Specify)		
83		**Miscellaneous Disbursements**		
	013	- Other (Specify)		
		Total Capital Disbursements	$ 152,519	$ 253,688

See Accompanying Notes

SCHOOL DISTRICT #2

(Name of School Board)

Notes To The Financial Statements

Year Ended June 30, 2002

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

(a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Denominational Education Council are recorded as capital revenues.

(b) Fixed asset additions are recorded at full cost in the capital fund.

(c) The Board does not calculate or record depreciation on any of its fixed assets.

(d) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

____
(Name of School Board)

Notes to The Financial Statements

Year Ended June 30, 2002

			2002	2001
2.		**Accounts Receivable**		
		Current		
11	131	Provincial Government	$ 61,239	$ 160,631
	132	Transportation	36,475	21,120
	133	Federal Government	77,153	73,869
	136	Other School Boards		
	137	Rent		
	138	Interest	105	200
	139	Travel Advances and Misc.	59,363	121,519
		Capital		
11	231	EIC ~~DEC~~ - Construction Grants		
	233	Local Contributions		
	234	Other School Boards		
	235	Other (Specify)		
			$ 234,335	$ 377,339

			2002	2001
3.		**Bank Indebtedness**		
21	131	On Operating Credit	$ 179,011	$ 276,579
	132	On Capital Account		
			$ 179,011	$ 276,579

Note 2: Included in Accounts Receivable - Provincial Government is an amount of $18,333 representing an adjustment to the allocation for school utilities for the year ended June 30, 2002. This amount is subject to review by the Department of Education once the audited financial statements are submitted.

SCHOOL DISTRICT #2

(Name of School Board)

Notes To The Financial Statements

Year Ended June 30, 2002

		2002	2001
4.	**Accounts Payable and Accrued**		
	Current		
21 111	Trade Payable	$ 226,514	$ 107,524
112	Accrued - Liabilities	6,000	4,700
113	- Interest	627	885
114	- Wages		
115	Payroll Deductions		
116	Retail Sales Tax		
117	Deferred Grants	103,035	211,510
118	Other (Specify)- Severance Pay		
	Teachers	4,214,499	4,017,258
	Support Staff	414,945	376,487
	Capital		
21 211	Trade Payable		
212	Accrued - Liabilities		
213	- Interest		
217	Deferred Grants		
218	Other (Specify)		
		$ 4,965,620	$ 4,718,364

In accordance with a directive from the Department of Education, teachers' severance in the amount of $4,214,499 has been accrued in the accounts.

(Name of School Board)

Notes To The Financial Statements

Year Ended June 30, 2002

5. Reserve Account

Description:

NIL

Balance, Beginning of Year	$ NIL	$ NIL
Less Transfer from Reserve		
Add Transfer to Reserve		
Balance, End of Year	$ NIL	$ NIL

SCHOOL DISTRICT #2

(Name of School Board)

Notes To The Financial Statements

Year Ended June 30, 2002

	2002	2001
6. Investment in Capital Assets, beginning of year	$ 37,364,135	$ 37,167,565
Add:		
Debt Repayment - Principal by Operating Fund	24,999	18,206
Transfer of Operating Funds to Capital Fund	12,919	--
Grants - DEC - Contribution for Capital Const.		
- Other (Specify) - Education Investment Corp.	60,048	178,364
Donations - (Specify)		
Proceeds from Sale of Capital Assets - Land		
- Buildings		
- Equipment		
- Vehicles	700	--
- Other		
Interest on Capital Fund Investments		
Recoveries of Expenditures		
Insurance Proceeds - Capital		
Native Peoples Grants - Capital		
Miscellaneous (Specify)		
	37,462,801	37,364,135
Deduct Adjustments:		
Cost of assets sold - Land		
- Buildings		
- Equipment		
- Vehicles	41,344	--
- Other		
	41,344	--
Other		
23 221 Investment in Capital Assets, end of year	$ 37,421,457	$ 37,364,135

SCHOOL DISTRICT #2
(Name of School Board)

Notes To The Financial Statements

Year Ended June 30, 2002

7. Commitments:
At balance sheet date the Board had the following commitments:

None

8. Other (Please Specify)

None

SCHOOL DISTRICT #2

(Name of School Board)

Current Revenues

Year Ended June 30, 2002

Current Revenues

32	010	**Provincial Government Grants**		
	011	Regular Operating Grants	$ 4,307,575	$ 4,216,722
	016	Special Grants (Details on bottom of Schedule 1)	6,328	13,956
		Salaries and Benefits		
	017	- Superintendent and Asst. Supts.	298,237	269,909
	021	- Regular Teachers	18,694,761	17,690,744
	022	- Substitute Teachers	495,341	464,982
	030	Pupil Transportation		
	031	- Board Owned	487,414	478,352
	032	- Contracted	838,649	775,756
	033	- Handicapped	142,504	133,338
			25,270,809	24,043,759
33	010	**Donations**		
	012	Cash Receipts		
	013	Non Cash Receipts		
	014	Restricted Use	204,843	201,604
			204,843	201,604

34	010	**Ancillary Services**		
	011	Revenues from Rental of Residences	5,070	5,070
	021	Revenues from Rental of Schools and Facilities (Net)	6,611	6,544
	031	Cafeterias		
	032	Other (Specify)		
			11,681	11,614
35	010	**Miscellaneous**		
	011	Interest on Investments	5,201	2,760
	012	Bus Charters	8,214	6,260
	021	Recoveries of Expenditures	9,860	3,782
	031	Revenues from Other School Boards		
		Federal Rebates - GST	146,883	137,207
	051	Insurance Proceeds		
	061	Bilingual Education Revenue	16,503	19,683
	071	Operating Rev. from Native Peoples Grant		
	081	Miscellaneous Federal Grants	--	48,947
	091	Textbooks	71,411	56,836
	092	Sundry	5,490	5,438
			263,562	280,913
		Total Current Revenues	$25,750,895	$24,537,890

Special Grants

Administration - textbooks	$ 6,328	$ 4,761
Salary/Pay Equity	--	9,195
	$ 6,328	$ 13,956

SCHOOL DISTRICT #2

(Name of School Board)

Administration Expenditures

Year Ended June 30, 2002

			2002	2001
51		Salaries and Benefits		
	011	- Superintendents and Assistant Superintendents	$ 301,897	$ 277,426
	012	- Board Office Personnel	328,120	296,052
	013	Office Supplies	24,048	23,116
	014	Replacement Furniture and Equipment	5,496	26,686
	015	Postage	12,900	14,025
	016	Telephone	27,554	32,055
	017	Office Equipment Rentals and Repairs	2,372	2,343
	018	Bank Charges	19	281
	019	Electricity	8,955	14,821
	021	Fuel	8,688	15,433
	022	Insurance		
	023	Repairs and Maintenance (Office Building)		
	024	Travel	69,720	79,476
	025	Board Meeting Expenses	88,667	78,910
	026	Election Expenses	6,159	--
	027	Professional Fees	20,459	11,322
	028	Advertising	36,567	67,144
	029	Membership Dues	16,730	15,531
	031	Municipal Service Fees		
	032	Rental of Office Space		
	033	Relocation Expenses		
	034	Miscellaneous	93	1,466
	035	Payroll Tax	5,157	3,860
		Total Administration Expenditures	$ 963,601	$ 959,947

Schedule 3

SCHOOL DISTRICT #2
(Name of School Board)

Instruction Expenditures

Year Ended June 30, 2002

			2002	2001
52	010	**Instructional Salaries (Gross)**	$	$
	011	Teachers' Salaries - Regular	18,696,713	17,731,335
	012	- Substitute	519,730	472,129
	013	- Board Paid		
	014	~~Augmentation~~ Teachers' Severance	197,241	133,246
	015	Employee Benefits		
	016	School Secretaries - Salaries & Benefits	323,775	322,201
	017	Payroll Tax	3,782	2,965
	018	Other (Specify)		
			19,741,241	18,661,876
52	040	**Instructional Materials**		
	041	General Supplies	576,812	533,570
	042	Library Resource Materials		
	043	Teaching Aids		
	044	Textbooks	76,196	60,174
			653,008	593,744
52	060	**Instructional Furniture and Equipment**		
	061	Replacement	92,569	45,583
	062	Rentals and Repairs		
			92,569	45,583
50	080	**Instructional Staff Travel**		
	081	Program Co-ordinators	67,782	66,110
	082	Teachers' Travel	51,220	73,306
	083	Inservice and Conferences	79,292	69,752
			198,294	209,168
52	090	**Other Instructional Costs**		
	091	Postage and Stationery	47,989	43,690
	092	Miscellaneous - French Monitor	17,469	17,544
		- Computer Support Specialist	45,750	43,174
			111,208	104,408
		Total Instruction Expenditures	$20,796,320	$19,614,779

Schedule 4

SCHOOL DISTRICT #2

(Name of School Board)

Operations and Maintenance Expenditures - Schools

Year Ended June 30, 2002

53	011	Salaries and Benefits - Janitorial	$1,162,218	$1,151,405
	012	- Maintenance	117,148	127,484
	013	Payroll Tax	16,981	19,589
	014	Electricity	344,525	337,062
	015	Fuel	454,208	580,066
	016	Municipal Service Fee	37,349	35,538
	017	Telephone	131,197	141,018
	018	Vehicle Operating and Travel	50,848	60,845
	019	Janitorial Supplies	52,643	51,023
	021	Janitorial Equipment	--	5,505
	022	Repairs and Maintenance - Buildings	222,503	209,107
	023	- Equipment		
	024	Contracted Services - Janitorial		
	025	Snow Clearing	80,567	80,340
	026	Rentals	268	106
	027	Other (Specify) - Cellular Telephone	2,643	2,406
		- Telephone Distance Education	29,087	--
		Total Operations and Maintenance	$2,702,185	$2,801,494

SCHOOL DISTRICT #2

(Name of School Board)

Pupil Transportation Expenditure

Year Ended June 30, 2002

				2002	2001
54	010	**Operation and Maintenance of Board Owned Fleet**	– Replacement Drivers	8,760	--
	011	Salaries and Benefits	- Administration	$ 20,000	$ 20,000
	012		- Drivers and Mechanics	268,500	254,400
			– Severance	4,358	4,442
	013	Payroll Tax		4,500	4,500
	014	Debt Repayment	- Interest	11,909	15,069
	015		- Principal	24,999	18,206
	016	Bank Charges			
	017	Gas and Oil		56,770	69,889
	018	Licenses		8,692	6,862
	019	Insurance		3,799	3,561
	021	Repairs and Maintenance	- Fleet	73,680	76,903
	022		- Building		
	023	Tires and Tubes		2,661	1,039
	024	Heat and Light			
	025	Municipal Service			
	026	Snow Clearing		2,500	2,000
	027	Office Supplies			
	028	Rent			
	029	Travel		900	700
	031	Professional Fees		700	500
	032	Miscellaneous		2,500	2,983
	033	Telephone		400	300
	034	Vehicle Leases			
				495,628	481,354
54	040	**Contracted Services**			
	041	Regular Transportation		871,716	806,227
	042	Handicapped		149,264	132,719
				1,020,980	938,946
		Pupil Transportation Expenditures		$1,516,608	$1,420,300

SCHOOL DISTRICT #2
(Name of School Board)

Ancillary Services and Miscellaneous Expenses

Year Ended June 30, 2002

Schedule 6

Ancillary Services

The Board owns and operates the following ancillary services:

			2002	2001
55		**Ancillary Services**		
	011	Operation of Teachers' Residences	$	$
	031	Cafeterias		
	032	Other (Specify)		
			$ NIL	$ NIL

Schedule 7

Miscellaneous Expenses (Specify)

The Board has incurred the following miscellaneous expenses:

			2002	2001
57	011	**Miscellaneous Expenses (Specify)**	$ NIL	$ NIL

SCHOOL DISTRICT #2
(Name of School Board)

Details of Property and Equipment

Year Ended June 30, 2002

			Balance June 30, 2001	Additions	Disposals	Balance June 30, 2002
12	210	**Land and Sites**				
	211	Land and Sites	$ 646,250	$ --	$ --	$ 646,250
12	220	**Buildings**				
	221	Schools	32,870,771	56,484		32,927,255
	222	Administration	1,240,338	17,184		1,257,522
	223	Residential	21,289			21,289
	224	Recreational				
	225	Other (Specify)				
			34,132,398	73,668		34,206,066
12	230	**Furniture and Equip.**				
	231	Schools	2,102,344			2,102,344
	232	Administration	110,574			110,574
	233	Residential				
	234	Recreation				
	235	Other (Specify)				
			2,212,918			2,212,918
12	240	**Vehicles**				
	241	Service Vehicles	20,354			20,354
12	250	**Pupil Transportation**				
	251	Land				
	252	Building				
	253	Vehicles - Buses	622,568	78,852	41,344	660,076
	254	- Service				
	255	Equipment				
	256	Other (Specify)				
			622,568	78,852	41,344	660,076
12	260	**Misc. Capital Assets**				
	261	Other (Specify)				
		Total Property and Equipment	$37,634,488	$ 152,520	$ 41,344	$37,745,664

Schedule 9

SCHOOL DISTRICT #2
(Name of School Board)

Details of Long Term Debt

Year Ended June 30, 2002

Bank loans, mortgage and debentures, approved by the Board and the Government of Newfoundland and Labrador .

		2002	2001
22 210	Loans Other than Pupil Transportation		
	Ref. #		
211	**Bank Loans**		
	____ Repayable $______monthly, maturing _____	$	$
	____ Repayable $______monthly, maturing _____		
	____ Repayable $______monthly, maturing _____		
	____ Repayable $______monthly, maturing _____		
	____ Repayable $______monthly, maturing _____		
	____ Repayable $______monthly, maturing _____		
	Total 211	NIL	NIL
212	**Mortgages**		
	____ Repayable $______monthly, maturing _____		
	____ Repayable $______monthly, maturing _____		
	____ Repayable $______monthly, maturing _____		
	____ Repayable $______monthly, maturing _____		
	____ Repayable $______monthly, maturing _____		
	____ Repayable $______monthly, maturing _____		
	Total 212	NIL	NIL
213	**Debentures**		
	____ Repayable $______monthly, maturing _____		
	____ Repayable $______monthly, maturing _____		
	Total 213	NIL	NIL
214	Other (Please Specify)		
	Subtotal	NIL	NIL
215	Less Current Maturities		
	Total Loans Other Than Pupil Transportation	NIL	NIL

SCHOOL DISTRICT #2

(Name of School Board)

Details of Long Term Debt

Year Ended June 30, 2002

22 220	Loans - Pupil Transportation		
	Ref. #		
221	**Vehicle Bank Loans**		
	Prime Repayable $ 516 monthly, maturing 2011	$ 56,263	$ 62,458
	Prime Repayable $ 523 monthly, maturing 2012	58,036	64,310
	Prime Repayable $ 521 monthly, maturing 2012	62,532	68,785
	Prime Repayable $ 523 monthly, maturing 2013	68,524	74,801
	Prime Repayable $ 548 monthly, maturing 2014	78,852	--
	____ Repayable $______ monthly, maturing ____		
	____ Repayable $______ monthly, maturing ____		
	____ Repayable $______ monthly, maturing ____		
	____ Repayable $______ monthly, maturing ____		
	____ Repayable $______ monthly, maturing ____		
	____ Repayable $______ monthly, maturing ____		
	____ Repayable $______ monthly, maturing ____		
	____ Repayable $______ monthly, maturing ____		
	Total 221	324,207	270,354
222	**Land, Buildings and Equipment Bank Loans**		
	____ Repayable $______ monthly, maturing ____		
	____ Repayable $______ monthly, maturing ____		
	____ Repayable $______ monthly, maturing ____		
	____ Repayable $______ monthly, maturing ____		
	____ Repayable $______ monthly, maturing ____		
	Total 222	NIL	NIL
	Subtotal	324,207	270,354
223	Less Current Maturities	31,570	26,038
	Total Loans - Pupil Transportation	292,637	244,316
	Total Long Term Debt	$ 292,637	$ 244,316

SCHOOL DISTRICT #2

(Name of School Board)

Summary of Long Term Debt

Year Ended June 30, 2002

Description	Ref. #	Rate	Balance Beginning of Year	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
A) School Construction						
B) Equipment						
C) Service Vehicles						
D) Other						
E) Pupil Transportation			270,354	78,852	24,999	324,207
Total Loans			$270,354	$ 78,852	$ 24,999	$324,207

SCHOOL DISTRICT #2

(Name of School Board)

Schedule of Current Maturities

Year Ended June 30, 2002

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction	$	$	$	$	$
B) Equipment					
C) Service Vehicles					
D) Other					
E) Pupil Transportation					
Loan 1	6,194	6,194	6,194	6,194	6,194
Loan 2	6,274	6,274	6,274	6,274	6,274
Loan 3	6,253	6,253	6,253	6,253	6,253
Loan 4	6,278	6,278	6,278	6,278	6,278
Loan 5	6,571	6,571	6,571	6,571	6,571
Total	$ 31,570	$ 31,570	$ 31,570	$ 31,570	$ 31,570

SCHOOL DISTRICT #2

(Name of School Board)

56 010

Schedule of Interest Expense

Year Ended June 30, 2002

			2002	2001
	Description			
012	**Capital**		$	$
	School Construction		--	--
	Equipment		--	--
	Service Vehicles		--	--
	Other (Specify)		--	--
	Total Capital		$ --	$ --
013	**Current**	- Operating Loans	3,614	27,542
014		- Supplier Interest Charges	--	--
	Total Current		$ 3,614	$ 27,542
	Total Interest Expense		$ 3,614	$ 27,542

SCHOOL DISTRICT #2
(Name of School Board)

Supplementary Information

Year Ended June 30, 2002

			2002	2001
1.		Cash		
		Current		
11	110	Cash on Hand and in Bank		
	111	Cash on Hand	$ 269	$ 1,229
	112	Bank - Current		
	113	- Savings		
	114	- Teachers' Payroll	14,082	7,494
	115	- Non Teachers' Payroll		
	116	- Coupon (Debenture)		
	117	- Other (Specify)		
		Capital		
11	210	Cash on Hand and in Bank		
	211	Cash on Hand		
	212	Bank - Current		
	213	- Savings		
	214	- Other (Specify)		
		Total Cash on Hand & in Bank	$ 14,351	$ 8,723
2.		Short Term Investments		
		Current		
11	121	Term Deposits	$ 5,173	$ 5,173
	122	Canada Savings Bonds		
	123	Other (Specify)		
		Capital		
11	221	Term Deposits		
	222	Canada Savings Bonds		
	223	Other (Specify)		
		Total Short Term Investments	$ 5,173	$ 5,173

SCHOOL DISTRICT #2

(Name of School Board)

Supplementary Information

Year Ended June 30, 2002

3. Prepaid Expenses

			2002	2001
		Current	$	$
11	141	Insurance	655	581
	142	Municipal Service Fees		
	143	Supplies	8,320	8,490
	144	Other (Specify) - Travel	20,989	11,822
		- Used Textbooks	33,640	--
		Capital		
11	241	Other (Specify)		
			$ 63,604	$ 20,893

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the High Sheriff of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Office of the High Sheriff of Newfoundland and Labrador as at 31 March 2003 and the statement of operations for the year then ended. These financial statements are the responsibility of the High Sheriff. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office of the High Sheriff of Newfoundland and Labrador as at 31 March 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
4 June 2003

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR

BALANCE SHEET

31 MARCH 2003

	Trust Fund (Note 2)	Revenue Fund (Note 3)	Trial and Jury Fund (Note 4)	2003	2002
ASSETS					
Cash	$189,226	$ 6,433	$18,632	$214,291	$273,495
Accounts receivable	795	85,360	1,456	87,611	105,157
Inventory held in trust (Note 1)	1	-	-	1	1
	$190,022	$91,793	$20,088	$301,903	$378,653
LIABILITIES					
Trust account, court orders	$188,406	$ -	$ -	$188,406	$236,453
Due to Consolidated Revenue Fund	1,616	91,793	88	93,497	122,200
Trial and jury account, accountable advance	-	-	20,000	20,000	20,000
	$190,022	$91,793	$20,088	$301,903	$378,653

See accompanying notes

Signed on behalf of the Office: ______________________________
High Sheriff

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED 31 MARCH 2003

	Trust Fund (Note 2)	Revenue Fund (Note 3)	Trial and Jury Fund (Note 4)	2003	2002
REVENUES					
Court orders	$2,938,045	$ -	$ -	$2,938,045	$2,852,891
Service fees	-	1,193,411	-	1,193,411	1,215,813
Registration fees, court orders	-	232,425	-	232,425	223,678
Replenishment of trial and jury bank account	-	-	44,724	44,724	36,340
Interest	9,249	-	397	9,646	7,806
	$2,947,294	$1,425,836	$45,121	$4,418,251	$4,336,528
EXPENSES					
Court orders	$2,938,045	$ -	$ -	$2,938,045	$2,852,891
Consolidated Revenue Fund	8,434	1,425,836	397	1,434,667	1,446,512
Trial and jury expenses	-	-	44,724	44,724	36,340
Bank fees	815	-	-	815	785
	$2,947,294	$1,425,836	$45,121	$4,418,251	$4,336,528

See accompanying notes

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

The Office of the High Sheriff of Newfoundland and Labrador operates under the authority of the *Judgment Enforcement Act* and Regulations, implemented 1 June 1997, and the *Sheriff's Act*. The Office is the enforcement arm of the Supreme Court of Newfoundland and Labrador and the Provincial Courts, and has the responsibility of enforcing all monetary judgements issued by these Courts. This includes the attachment and seizure of real and personal property. The Office is also responsible for the service of court documents, the administration of the jury system and court security.

1. Significant accounting policies

These financial statements have been prepared by the Office of the High Sheriff of Newfoundland and Labrador in accordance with Canadian generally accepted accounting principles. Outlined below is the significant accounting policy followed.

Inventory held in trust

Inventory is recorded in these financial statements at a nominal value of $1 as valuation of these assets is not readily determinable. These assets are recorded in the records of the Office of the High Sheriff of Newfoundland and Labrador at an estimated value for administrative purposes.

2. Trust Fund

A trust account has been established to accommodate amounts collected from defendants and the payment of these funds to plaintiffs.

3. Revenue Fund

Revenues collected for various services provided by the Office of the High Sheriff of Newfoundland and Labrador are deposited directly to the Province's Consolidated Revenue Fund.

4. Trial and Jury Fund

The Office of the High Sheriff of Newfoundland and Labrador is responsible for jury administration in the Province and maintains a recurring accountable advance of $20,000 to pay expenses associated with this duty. This advance is replenished as required throughout the year by claims submitted to the Department of Justice.

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

5. Related party transactions

(a) Consolidated Revenue Fund

Service fees and registration fees collected, and interest earned, net of bank fees, are paid into the Province's Consolidated Revenue Fund.

(b) Administration expenditures

For administrative purposes, the Office of the High Sheriff of Newfoundland and Labrador operates as a division of the Department of Justice. Expenses related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements for those expenditures.

6. Income taxes

The Office of the High Sheriff of Newfoundland and Labrador is a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.

PENINSULAS HEALTH CARE CORPORATION

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 2003

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Board of Trustees of the **Peninsulas Health Care Corporation**

We have audited the consolidated balance sheet of the **Peninsulas Health Care Corporation** as at March 31, 2003 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2003 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters Hoffe.
Chartered Accountants

Gander, Newfoundland

July 18, 2003

30 ROE AVENUE, P.O. BOX 348, GANDER, NEWFOUNDLAND A1V 1W7
TELEPHONE (709) 651-4100 FAX (709) 256-2957 E-MAIL: waltershoffeca@nf.sympatico.ca

PENINSULAS HEALTH CARE CORPORATION

Consolidated Balance Sheet

March 31, 2003	2003	2002
Assets		
Current assets:		
Receivables (Note 3)	$ 3,657,511	4,895,952
Inventories (Note 4)	1,062,496	936,750
Prepaids (Note 5)	1,375,320	1,721,018
Total current assets	6,095,327	7,553,720
Trust funds held on deposit	372,104	227,791
Capital assets (Note 6)	16,286,669	16,286,380
	$ 22,754,100	24,067,891
Liabilities		
Current liabilities:		
Bank indebtedness (Note 7)	$ 8,291,559	9,522,298
Payables and accruals (Note 8)	5,394,403	5,062,397
Accrued vacation pay	2,644,383	2,392,807
Deferred capital grants	1,373,300	1,391,145
Deferred donations - capital	120,751	287,665
- operating	44,653	59,552
Current portion of long-term debt	283,936	559,406
Current portion of accrued severance pay - estimated	175,000	175,000
Total current liabilities	18,327,985	19,450,270
Long-term debt (Note 9)	5,364,061	5,646,484
Trust funds payable	372,104	227,791
Accrued severance pay, less current portion of $175,000	5,743,136	4,857,054
Unamortized deferred contributions related to capital assets (Note 10)	9,539,422	8,865,488
	39,346,708	39,047,087
Net assets, per accompanying statement		
Invested in capital assets	1,113,483	1,229,234
Unrestricted	(17,706,091)	(16,208,430)
	(16,592,608)	(14,979,196)
Contingency (Note 17)		
	$ 22,754,100	24,067,891

See accompanying notes

Approved:

Chairman

Secretary-Treasurer

PENINSULAS HEALTH CARE CORPORATION

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2003

	2003				2002
	Invested in Capital Assets	Unrestricted	Board Fund	Total	Total
Balance, beginning: As previously reported	$ 1,229,234	(15,808,430)	-	(14,579,196)	(15,094,325)
Prior years' adjustments to:					
Transfer 2002 operating grants to capital grants (Note 15)	-	(400,000)	-	(400,000)	-
Adjustment for over accrual of wages in prior years	-	-	-	-	999,064
	1,229,234	(16,208,430)	-	(14,979,196)	(14,095,261)
Excess (deficiency) of revenue over expenditures, per accompanying statement	(488,731)	(1,047,873)	(76,808)	(1,613,412)	(883,935)
Investment in capital assets (Note 11)	372,980	(372,980)	-	-	-
Transfer to Board fund	-	(76,808)	76,808	-	-
Balance, ending	$ 1,113,483	(17,706,091)	-	(16,592,608)	(14,979,196)

See accompanying notes

PENINSULAS HEALTH CARE CORPORATION

Consolidated Statement of Operations

Year ended March 31, 2003	2003	2002
Revenue:		
Provincial plan - operating (Note 15)	$ 53,963,603	49,689,786
MCP physicians salaries	9,262,433	8,712,169
Patient-resident services - long-term care	2,061,980	2,192,019
- inpatient	202,135	376,434
- outpatient	437,625	410,943
CMHC mortgage interest subsidy (Note 9)	83,928	83,928
Other (Note 12)	1,674,462	1,490,971
	67,686,166	62,956,250
Expenditure:		
Administration	6,498,384	6,006,228
Support services	14,100,387	12,935,476
Nursing inpatient services - acute	12,123,337	10,746,828
- long-term care	8,177,120	7,087,001
Ambulatory care services	4,498,241	3,781,915
Diagnostic and therapeutic services	10,155,926	9,908,139
Medical services	10,927,235	10,584,543
Education services	709,964	626,270
Other	405,788	608,791
	67,596,382	62,285,191
Surplus prior to non-shareable items	89,784	671,059
Non-shareable items:		
Amortization of deferred capital grants	2,042,082	2,104,548
Amortization	(2,530,813)	(2,554,526)
Accrued vacation pay - (increase) decrease	(251,575)	(242,355)
Accrued severance pay - (increase) decrease	(886,082)	(623,902)
Board operations - net (Note 13)	(76,808)	(238,759)
	(1,703,196)	(1,554,994)
Excess (deficiency) of revenue over expenditure (Notes 14 and 16)	$(1,613,412)	(883,935)

See accompanying notes

PENINSULAS HEALTH CARE CORPORATION

Consolidated Statement of Cash Flow

Year ended March 31, 2003	2003	2002
Cash flows:		
Operations:		
Excess (deficiency) of revenue over expenditure	$(1,613,412)	(483,935)
Amortization	2,530,813	2,554,526
Amortization of deferred capital grants	(2,042,082)	(2,104,548)
	(1,124,681)	(33,957)
Changes in:		
Receivables	1,238,441	(192,100)
Inventories	(125,746)	85,540
Prepaids	345,698	60,993
Payables and accruals	332,006	1,138,016
Accrued vacation pay	251,576	242,354
Deferred capital grants	(17,845)	339,945
Deferred donations	(181,813)	7,569
Accrued severance pay	886,082	623,902
	1,603,718	1,872,262
Investing:		
Additions to capital assets	(2,531,102)	(2,826,025)
Financing:		
Repayment of long-term debt	(557,893)	(522,506)
Grants received for the purchase of capital assets	2,015,307	2,514,290
Donations received for the purchase of capital assets	700,709	94,111
	2,158,123	2,085,895
Net increase in cash	1,230,739	1,132,132
Cash, net of bank indebtedness:		
Beginning	(9,522,298)	(10,654,430)
Ending (Note 7)	$(8,291,559)	(9,522,298)

See accompanying notes

1. **Nature of operations:**

These financial statements reflect the operating assets, liabilities, revenue and expenditure of the following facilities and clinics operated by the Peninsulas Health Care Corporation Board.

Facilities

Dr. G.B. Cross Memorial Hospital
Burin Peninsula Health Care Centre
Bonavista Peninsula Health Centre
Blue Crest Nursing Home
Golden Heights Manor Nursing Home
Grand Bank Community Health Centre
U.S. Memorial Health Centre

Clinics

English Harbour East
Grand LePierre
Parker's Cove
Petit Forte
South East Bight
St. Lawrence
Terrenceville
Trinity

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using the pooling of interest method of accounting. Under this method, the book values of assets, liabilities and net assets of each of the entities being combined are added together to form the combined value of assets, liabilities and net assets of the Board.

2. **Summary of significant accounting policies:**

Inventories

Inventories are valued determined on the first in first out basis as follows:

General stores, at average cost
Drugs, at cost

Capital assets

The Corporation has control over certain land, buildings and equipment, with the title resting with the Province of Newfoundland and Labrador. These assets are not recorded under capital assets.

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Capital assets are being amortized on a straight line basis over their estimated useful lives at the following rates:

Land improvements	10%
Buildings	2.5 - 10%
Building service equipment	10%
Equipment	6.7 - 33.3%
Computer hardware	30%
Computer software	33.3%
Vehicles	25%

(Continued . . .)

2. Summary of significant accounting policies (continued):

Revenue recognition

Peninsulas Health Care Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection in reasonably assured.

Contributions related to capital assets are deferred and amortized to revenue at the same rates which the related capital assets are amortized.

3. Receivables:

	2003	2002
Provincial plan revenue grants - operating	$ 186,777	840,617
Capital grants	945,000	1,672,643
Patients, capital donations, rents and other	916,289	981,857
MCP	1,390,349	1,063,429
HST	114,274	138,212
Cottage complexes	176,843	339,995
Health foundations	56,816	44,551
	3,786,348	5,081,304
Allowance for doubtful	128,837	185,352
	$ 3,657,511	4,895,952

4. Inventories:

	2003	2002
General stores	$ 720,242	671,140
Drugs	342,254	265,610
	$ 1,062,496	936,750

5. Prepaids:

	2003	2002
Workers' Compensation	$ 902,720	1,232,968
Equipment maintenance	338,348	353,655
Other	134,252	134,395
	$ 1,375,320	1,721,018

6. Capital assets:

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land and land improvements	$ 231,442	54,556	176,886	176,886
Buildings	14,999,863	7,259,770	7,740,093	7,606,896
Equipment	26,442,790	18,542,427	7,900,363	7,808,129
Software	2,451,043	2,074,672	376,371	694,469
Motor vehicles	267,323	174,367	92,956	-
	$ 44,392,461	28,105,792	16,286,669	16,286,380

7. Bank indebtedness:

	2003	2002
Cash	$ 61,128	46,751
Due to bank on current accounts	(8,352,687)	(9,569,049)
	$(8,291,559)	(9,522,298)

The Board has access to a $7.5 million line of credit in the form of revolving demand loans and/or bank overdrafts, bearing interest at Bank of Nova Scotia prime minus ¼%. These loans have been approved by the Minister of Health and Community Services.

Although the above bank indebtedness based on the accrual method of accounting is in excess of the approved limit, the actual overdrafts at the bank at year end amounted to $6,767,401, which is within the approved limits.

8. Payables and accruals:

	2003	2002
Trade	$ 3,027,946	2,112,926
Employee portion of EI premiums reduction	15,402	15,402
Payroll deductions	449,871	1,149,909
Accrued - wages	1,544,929	1,374,503
- other	356,255	409,657
	$ 5,394,403	5,062,397

PENINSULAS HEALTH CARE CORPORATION

Notes to the Financial Statements

March 31, 2003

9. Long-term debt:

	2003	2002
5.95% Royal Bank of Canada mortgage on Golden Heights Manor; repayable $25,659 monthly, interest included; maturing July, 2023	**$ 3,642,480**	3,733,381
CMHC mortgages on land and buildings:		
8%, on Blue Crest Home; repayable $7,777 monthly, interest included; maturing November, 2025	**985,826**	1,000,892
10.5% on Golden Heights Manor; repayable $7,549 monthly, interest included; maturing August, 2027	**809,508**	816,482
Scotia Mortgage Corporation mortgages on land and buildings:		
5.10%, on Viking; repayable $138 weekly, interest included; maturing August, 2005	**16,401**	22,393
5.10%, on Simmons; repayable $158 weekly, interest included; maturing August, 2005	**18,297**	25,209
4.35%, on Cholock; repayable $616 monthly, interest included; maturing March, 2006	**20,264**	25,910
5.10%, on Prince; repayable $176 weekly, interest included, maturing August, 2005	**20,971**	28,664
Capital leases:		
On telephone system; repayable $5,181 monthly, interest included; maturing May, 2003	**11,087**	76,079
On CT scanner; repayable $31,214 monthly, interest included: maturing July, 2003	**123,163**	476,880
	5,647,997	6,205,890
Less current portion	**283,936**	559,406
	$ 5,364,061	5,646,484

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2004	$ 283,936
2005	158,693
2006	153,446
2007	146,112
2008	155,872

Interest subsidy

The Board has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs. The amount of assistance received from Newfoundland and Labrador Housing Corporation in 2003 was$83,928 (2002 - $83,928).

10. Unamortized deferred contributions related to capital assets:

Deferred contributions related to capital assets represent restricted contributions with which capital assets were originally purchased. The changes in the deferred contribution balance for the year are as follows:

	2003	2002
Balance, beginning	$ 8,865,488	8,361,634
Add (deduct):		
Capital equipment grants	2,015,307	2,514,291
Donations for capital	700,709	94,111
	11,581,504	10,970,036
Less amortization	2,042,082	2,104,548
Balance, ending	$ 9,539,422	8,865,488

11. Investment in capital assets:

	2003	2002
Repayment of long-term debt	$ 557,893	522,506
Less above payments funded by capital grants	(353,717)	(331,232)
	204,176	191,274
Purchase of capital assets with unrestricted resources	168,804	548,855
	$ 372,980	740,129

12. Other revenue:

	2003	2002
Recoveries - dietary	$ 325,544	294,748
- salaries	311,707	362,413
- medical supplies and drugs	866,975	724,411
Rent	26,453	41,083
Miscellaneous	143,783	68,316
	$ 1,674,462	1,490,971

13. Board operations - net:

	2003	2002
Revenue:		
Interest	$ 2,542	4,176
Preferred accommodations	36,611	13,392
Bursary recovery and other	102	11,609
	39,255	29,177
Expenditure:		
Bank charges and interest	116,063	267,321
Miscellaneous	-	615
	116,063	267,936
	$(76,808)	(238,759)

14. Commitments:

Operating leases

The Corporation has a number of agreements whereby it leases equipment and property in addition to those disclosed under Note 9. These agreements range in terms from one to three years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases are as follows:

2004	$ 224,446
2005	170,429
2006	58,418

Energy Performance Contract

The Corporation entered into an Energy Performance Contract with Honeywell Limited in September, 2001 for the design and implementation of measures to improve energy efficiency, wherein Honeywell Limited guaranteed the energy savings component.

The contract is for $1,316,846 and is to be repaid from operating and energy savings over a seven year period which commenced in September, 2002.

As support for the financing, Honeywell Limited has assigned to Scotiabank any funds due to them by the Corporation for the energy savings component of the contract.

In the opinion of management of the Corporation, the guaranteed energy savings component of Honeywell Limited is an offset to the obligation of the Corporation to Scotiabank, and as a consequence neither the capital expenditure or the financing obligation is reflected in the financial statements of the Corporation at March 31, 2003.

15. Prior year's adjustment:

Conversion of operating funds to capital:

Subsequent to last year end, Government approval was given to convert $400,000 of 2002 operating revenue grants to capital grants to help offset capital expenditure overruns in previous years.

The effect of this conversion has been retroactively reflected in these financial statements for 2002.

16. Significant event:

Subsequent to the date of the Auditors' Report, the Board was notified by Government that they will be recovering overpayments on account of salaried physicians in the amount of $378,688 for the years ended March 31, 1999, 2000 and 2001.

This recovery by Government has not been investigated by the Board, to date, and is not reflected in these financial statements for the current year or retroactively.

17. Contingency:

As of March 31, 2003 there were a number of legal claims against the Corporation in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Corporation with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

PRIVATE TRAINING CORPORATION

TRAIN OUT FUND

FINANCIAL STATEMENTS

31 DECEMBER 2002

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Private Training Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Private Training Corporation, Train Out Fund as at 31 December 2002 and the statements of revenue, expenditure and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Private Training Corporation, Train Out Fund as at 31 December 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
7 March 2003

PRIVATE TRAINING CORPORATION

TRAIN OUT FUND

BALANCE SHEET

31 DECEMBER 2002

	2002	2001
ASSETS		
Current		
Cash	$ 246,869	$ 60,675
Accounts receivable (Note 2)	83,028	92,483
	$ 329,897	$153,158
LIABILITIES AND DEFICIT		
Current		
Accounts payable	$ 3,110	$ 4,857
Interest payable	-	260
Current portion of long-term debt (Note 3)	-	52,888
Train out payable	68,630	76,072
	71,740	134,077
Long-term debt (Note 3)	-	33,042
	71,740	167,119
Surplus (Deficit)	258,157	(13,961)
	$ 329,897	$153,158

Contingencies (Note 4)

See accompanying notes

Signed on behalf of the Corporation: ______________ **Chairperson** ______________ **Director**

PRIVATE TRAINING CORPORATION

TRAIN OUT FUND

STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002	2001
REVENUE		
Contributions from institutions	$ 248,063	$ 270,441
Surety claims (Note 4)	125,000	-
Interest	2,504	7,273
	375,567	277,714
EXPENDITURE		
Audit fees	2,807	3,810
Bad debt expense	-	3,356
Board expense	6,003	1,957
Chairperson stipend	3,731	11,886
Interest expense	3,239	20,267
Office expense	742	404
Train out expense	86,927	95,631
	103,449	137,311
Excess of revenue over expenditure	272,118	140,403
Deficit, beginning of year	(13,961)	(154,364)
Surplus (Deficit), end of year	$ 258,157	$ (13,961)

See accompanying notes

PRIVATE TRAINING CORPORATION

TRAIN OUT FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002	2001
Cash flows from operating activities		
Excess of revenue over expenditure	$ 272,118	$ 140,403
Change in non-cash working capital		
Accounts receivable	9,455	47,148
Accounts payable	(1,747)	3,441
Interest payable	(260)	(15,426)
Train out payable	(7,442)	65,631
	272,124	241,197
Cash flows from financing activities		
Repayment of loans	(85,930)	(264,308)
Net increase (decrease) in cash	186,194	(23,111)
Cash, beginning of year	60,675	83,786
Cash, end of year	$ 246,869	$ 60,675

See accompanying notes

PRIVATE TRAINING CORPORATION

TRAIN OUT FUND

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2002

Authority

The Private Training Corporation (the Corporation), established 1 January 1999, operates under the authority of the *Private Training Institutions Act*. The purpose of the Corporation is to operate the Train Out Fund to provide compensation to students to complete their training where a private training institution fails to fulfil its training to students due to closure, and to monitor the financial operations of all private training institutions. Private training institutions make contributions to the Fund based on a percentage of the student tuition.

1. Significant accounting policies

These financial statements have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles.

2. Accounts receivable

	2002	2001
Contributions from institutions	**$ 83,028**	$ 95,839
Less: Allowance for doubtful accounts	**-**	3,356
	$ 83,028	$ 92,483

3. Long-term debt

	2002	2001
Government of Newfoundland and Labrador fixed term loan at an interest rate of 6.5% repayable in blended monthly payments of $4,743; due August 2004.	**$ -**	$ 85,930
Less: Current portion	**-**	(52,888)
Long-term portion	**$ -**	$ 33,042

4. Contingencies

The Corporation requires registered private training institutions to be bonded as security against failure of the institutions to fulfil their obligations.

During the year ended 31 December 2002, the Corporation filed claims with a surety company for reimbursement of costs incurred to complete training for students of three defunct private training institutions. The Corporation has received $125,000 from the surety company relating to a claim for one of the three institutions.

The surety company is disputing claims of $100,000 each for the remaining two institutions. As the outcome of these claims is not determinable and the amount of any recovery is not reasonably estimable, the Corporation has not recorded any revenue or accounts receivable related to these two remaining claims.

5. Financial instruments

The Corporation's financial instruments recognized in the balance sheet consist of cash, accounts receivable, accounts payable, interest payable, train out payable and long-term debt, the carrying values of which approximate fair value due to the relatively short-term maturity associated with these instruments.

PROVINCE OF NEWFOUNDLAND AND LABRADOR
POOLED PENSION FUND

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2002

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Trustee
Province of Newfoundland and Labrador
Pooled Pension Fund
St. John's, Newfoundland and Labrador

I have audited the consolidated statement of net assets available for benefits of the Province of Newfoundland and Labrador Pooled Pension Fund as at 31 December 2002 and the consolidated statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
14 March 2003

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
CONSOLIDATED STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
31 DECEMBER 2002

	2002 (000's)	2001 (000's)
ASSETS		
Investments (Note 2)		
Short-term notes and deposits	$ 70,695	$ 56,877
Bonds and debentures	477,314	531,135
Equities - Canadian	896,252	964,737
- Foreign	603,593	657,563
Real estate	36,905	1,608
	2,084,759	2,211,920
Receivables		
Employee contributions	2,470	2,609
Employer contributions	2,433	2,589
Accrued investment income	6,211	6,421
Accounts receivable	47	-
	11,161	11,619
Cash	5,535	1,987
Prepaid expenses	22	-
Deferred charges	1,565	67
Total assets	2,103,042	2,225,593
LIABILITIES		
Accounts payable and accrued liabilities	2,928	2,259
Refunds payable	394	435
Due to Province of Newfoundland and Labrador	820	692
Mortgages payable (Note 3)	11,785	-
Total liabilities	15,927	3,386
NET ASSETS AVAILABLE FOR BENEFITS	$2,087,115	$2,222,207

See accompanying notes

Signed on behalf of the Fund: JmAylward

Minister of Finance
Trustee

Philip J. Wall
Chairperson, Pension Investment Committee

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED 31 DECEMBER 2002

	Public Service Pension Plan (000's)	Teachers' Pension Plan (000's)	Uniformed Services Pension Plan (000's)	Members of the House of Assembly Pension Plan (000's)	2002 Total (000's)	2001 Total (000's)
Increase in net assets						
Investments (Note 4)						
Investment income	$ 57,981	$ 28,767	$ 499	$ 192	$ 87,439	$ 86,901
(Loss) Gain on sale of investments	(48,695)	(24,160)	(419)	(162)	(73,436)	40,210
Current period change in market value of investments	(118,414)	(58,751)	(1,018)	(393)	(178,576)	(148,243)
	(109,128)	(54,144)	(938)	(363)	(164,573)	(21,132)
Contributions						
Employee	65,295	33,139	2,258	379	101,071	90,133
Employer (Note 5)	64,776	31,000	2,231	375	98,382	87,563
Special payments (Note 5)	40,000	76,000	20,000	7,500	143,500	116,000
Deficiency guarantee from Province of Newfoundland and Labrador (Note 5)	-	-	2,023	677	2,700	10,775
	60,943	85,995	25,574	8,568	181,080	283,339
Decrease in net assets						
Pensions	127,996	152,863	11,957	3,492	296,308	275,091
Refund of contributions with interest	9,318	1,903	155	3	11,379	10,701
Administrative costs (Note 6)	5,816	2,491	148	30	8,485	7,973
	143,130	157,257	12,260	3,525	316,172	293,765
Total (decrease) increase in net assets	(82,187)	(71,262)	13,314	5,043	(135,092)	(10,426)
Net assets available for benefits, beginning of year	1,469,955	752,252	-	-	2,222,207	2,232,633
Net assets available for benefits, end of year	$1,387,768	$680,990	$13,314	$5,043	$2,087,115	$2,222,207

See accompanying notes

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2002

Authority and description

The Province of Newfoundland and Labrador Pooled Pension Fund (the Fund) was created 1 July 1980 under the authority of the *Pensions Funding Act* for the purpose of providing for the funding of pension plans sponsored by the Province as outlined below. The affairs of the Fund are managed by the Minister of Finance, as Trustee of the Fund. Section 9 of the *Act* states that where there are insufficient assets to meet the obligations of the Fund, or the equity apportioned to a plan is insufficient to meet the obligations of the plan, the Minister shall pay out of the Consolidated Revenue Fund sufficient monies as may be necessary to cover the deficiency.

The following pension plans participate in the Fund: Public Service Pension Plan, Teachers' Pension Plan, Uniformed Services Pension Plan and Members of the House of Assembly Pension Plan.

(a) Public Service Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering full-time employees of the Government of the Province of Newfoundland and Labrador and various Crown corporations, agencies and commissions created by or under a Statute of the Province.

(ii) Employee contributions

Employee contributions are equal to 8.6% of the Canada Pension Plan (CPP) basic exemption, plus 6.8% of the employee's salary between the CPP basic exemption and the Year's Maximum Pensionable Earnings (YMPE) under the CPP, plus 8.6% of the employee's salary in excess of the YMPE.

(iii) Accrued service pensions

A service pension is available based on the number of years of pensionable service times 2% of the member's best five years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best five years average salary up to average YMPE times years of pensionable service after 1 April 1967.

Employees who have reached age 50 and have at least 30 years of service are permitted to retire with a 0.5% reduction in pension benefit for each month under age 55.

Employees who have reached age 55 and have 30 years of service may retire with an unreduced pension. Employees age 55 or greater with less than 30 years service and with age and service equal to 85 may retire with a pension reduced by 0.5% for each month under age 60.

Authority and description (cont.)

(a) Public Service Pension Plan (cont.)

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacit at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the spouse (and on the spouse's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service.

(vi) Death refunds

The commuted value of the pension entitlement is payable when a survivor pension is not payable.

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee' own contributions with interest or, if the employee has at least five years pensionable service may elect to receive a deferred pension or commuted value.

(viii) Indexing

Effective 1 October 2002 and each 1 October thereafter the amount of a pension or survivo benefit paid to an individual who has reached the age of 65 shall be adjusted by 60% of th Consumer Price Index for Canada for the previous calendar year as published by Statistic Canada, to a maximum of 1.2% of the annual pension or survivor benefit.

(b) Teachers' Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering teachers employed by schoo boards or the Province of Newfoundland and Labrador and full-time employees of th Newfoundland and Labrador Teachers' Association.

Authority and description (cont.)

(b) Teachers' Pension Plan (cont.)

(ii) Employee contributions

Employee contributions are equal to 9.35% of salary.

(iii) Accrued service pensions

A service pension is available based on 1/45th of the member's best five years average salary times years of pensionable service prior to 1 January 1991, plus 2% of the member's best five years average salary times years of pensionable service after 1 January 1991. When a member who retired after 31 August 1998 reaches age 65, this pension is reduced by 0.6% of the member's best five years average salary up to average YMPE times years of pensionable service after 1 April 1967.

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the spouse (and on the spouse's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service.

(vi) Death refunds

A refund equal to employee's contributions with interest is payable when a survivor pension is not payable.

(vii) Termination benefits

On termination of employment, a teacher may elect to receive a refund of the teacher's own contributions with interest or, if the teacher has at least five years pensionable service, may elect to receive a deferred pension.

Authority and description (cont.)

(b) Teachers' Pension Plan (cont.)

(viii) Indexing

Effective 1 September 2002 and each 1 September thereafter the amount of a pension or survivo benefit paid to an individual who has reached the age of 65 shall be adjusted by 60% of th Consumer Price Index for Canada for the previous calendar year as published by Statistic Canada, to a maximum of 1.2% of the annual pension or survivor benefit. This provision onl applies to a pension or survivor benefit where the teacher to whom that pension or benefit relate retires after 31 August 1998.

(c) Uniformed Services Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering members of the Roya Newfoundland Constabulary, warders at various Provincial correctional institutions, and som members of the St. John's Regional Fire Department.

(ii) Employee contributions

Employee contributions are equal to 8.5% of the Canada Pension Plan (CPP) basic exemptio plus 6.7% of the employee's salary between the CPP basic exemption and the Year's Maximu Pensionable Earnings (YMPE) under the CPP, plus 8.5% of the employee's salary in excess o the YMPE. Grandfathered members contribute an additional 3.5% of salary, which is als matched by the Province.

(iii) Accrued service pensions

A service pension is available based on the number of years of pensionable service times 2% o the member's best three years average salary. When a retired member reaches age 65, thi pension is reduced by 0.6% of the member's best three years average salary up to average YMP times years of pensionable service after 1 April 1967. Grandfathered members have highe service pensions in recognition of higher contributions (as set out in Employee contribution above).

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacit at any age with a minimum of five years pensionable service.

Authority and description (cont.)

(c) Uniformed Services Pension Plan (cont.)

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the spouse (and on the spouse's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service. For grandfathered members, the survivor pension is 55% of the member's accrued service pension.

(vi) Death refunds

The commuted value of the pension entitlement is payable when a survivor pension is not payable.

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension or a commuted value.

(d) Members of the House of Assembly Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering Members of the House of Assembly.

(ii) Member contributions

Members and Ministers are each required to pay 9% of their pensionable salary during the time served as a Member or Minister (may exclude first term).

(iii) Accrued service pensions

A service pension is available, subject to age and years of service criteria, after serving as a Member in at least two General Assemblies and for at least five years. The Member's pension is based on a percentage of the average of the Member's pensionable salary for the best three calendar years. The percentage is calculated as 5% for each of the first ten years, 4% for each of the next five years and 2.5% for each of the next two years of service as a Member. Ministers receive an additional pension calculated similarly and based on service and pensionable salary as a Minister (excluding Member's salary).

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2002

Authority and description (cont.)

(d) Members of the House of Assembly Pension Plan (cont.)

(iii) Accrued service pensions (cont.)

For Members elected for first time after the 43rd General Assembly the percentage is calculated as 5% for each of the first ten years and 2.5% for each of the next ten years. For all members who retired after 31 March 1998, when they reach age 65, this pension is reduced by 0.6% of the member's best three years average salary up to average YMPE times years of pensionable service after 1 April 1967.

(iv) Disability pensions

A disability pension equal to the greater of the accrued service pension or 40% of pensionable salary is available if a Member becomes permanently disabled.

(v) Survivor pensions

A survivor pension of the greater of 60% of the accrued service pension or 25% of the last pensionable salary the Member received is paid to the spouse following the death of a Member who is eligible for a service pension. A benefit of 1/6th of the spouse's allowance is payable for each surviving dependent child (1/3rd if no surviving spouse).

(vi) Death refunds

A refund of the Member's contributions with interest is payable when a survivor pension is not payable.

(vii) Termination benefits

A Member who ceases to be a Member may elect to receive a refund of contributions with interest or, subject to eligibility criteria, may elect to receive a deferred pension.

1. Significant accounting policies

These consolidated financial statements have been prepared by the Fund's management in accordance with Canadian generally accepted accounting principles. The consolidated financial statements present the aggregate financial position of the Fund as a separate financial reporting entity. They are prepared to assist plan members and others in reviewing the activities of the Fund for the fiscal period but they do not portray the funding requirements of the various plans or the benefit security of individual plan members. Outlined below are the significant accounting policies followed.

1. Significant accounting policies (cont.)

(a) Principles of consolidation

These consolidated financial statements include the assets, liabilities and the changes in net assets of the Fund and Newvest Realty Corporation, a wholly-owned subsidiary incorporated on 9 August 2001 under the *Canada Business Corporations Act* to invest monies received from the Fund in Canadian real estate property. It is also registered under the *Corporations Act* of the Province of Newfoundland and Labrador. The Corporation has its headquarters in Toronto, Ontario. Intercompany transactions and balances have been eliminated in these consolidated financial statements.

(b) Gains and losses on investments

The cost of sales for all investment dispositions is calculated as the weighted average of their costs.

(c) Investment income

Investment income is allocated to the pension plans under the Fund based on the respective equity position, calculated on a market basis, of each plan after giving effect to a time weighting of receipts and disbursements. The proportionate share of investment income is then attributed to each plan.

Investment income consists of the following:

(i) Dividend income which is recognized as of the date of record for North American equities and as of the date of receipt for non-North American equities.

(ii) Bank interest and interest on bonds and debentures, and short-term notes and deposits, which is recognized as it is earned.

(iii) Real estate income which is recognized as of the date of quarterly distributions of net income from non-consolidated real estate investments and on consolidation of Newvest Realty Corporation. Non-consolidated real estate investments were disposed of by year end.

(iv) Foreign exchange gains or losses.

(d) Current period change in the market value of investments

The current period change in the market value of investments is allocated to the pension plans under the Fund based on the respective equity position, calculated on a market basis, of each plan after giving effect to a time weighting of receipts and disbursements. The proportionate share of current period change in the market value of investments is then attributed to each plan.

2. Investments

All investments are stated at their estimated fair market value at the statement date.

(i) Short-term notes and deposits are valued at book value which approximates market value.

(ii) Bonds and debentures are valued at the last bid price on the valuation date.

(iii) Publicly traded equities are valued at the last board lot trade for a given stock. In instances where the quoted stock has not been traded on valuation date, the price of the last board lot bid price is quoted.

(iv) The Fund holds its real estate investments through its sole ownership interest in Newvest Realty Corporation. Income producing properties acquired by the Corporation during the current year are recorded at cost. These properties will be adjusted to their appraised values in accordance with the Corporation's appraisal policy which requires properties to be appraised at least once every two years by professionally qualified independent appraisers. The external appraisals will be completed in six month cycles on approximately one quarter of the Corporation's portfolio. The properties that are not externally appraised during each six month cycle will be appraised by Penreal Capital Management Limited Partnership. The first appraisal cycle will begin 30 June 2003. Any increases or decreases in value resulting from the appraisal process is reflected in the Fund's financial statements on consolidation.

3. Mortgages payable

Mortgages payable represent financing obtained by Newvest Realty Corporation for the acquisition of income producing properties. Details are as follows:

	2002 (000's)	2001 (000's)
(a) Mortgage, held by The Manufacturers Life Insurance Company, repayable in monthly installments of $32,152, including interest calculated at rate of 6.5% per annum, maturing 1 May 2007, secured by a freehold first mortgage registered against title to the property, a general security agreement, and a first general assignment of rents.	$ 4,754	$ -
(b) Mortgage, held by Navy and Jim Investments Corp., interest calculated at a rate of 5% per annum, maturing 3 March 2003, secured by a charge on the title to the property.	7,031	-
	$11,785	$ -

3. Mortgages payable (cont.)

Annual principal repayments totalling $11,784,613 to be made during the next five years are as follows: 2003 - $7,114,173; 2004 - $88,853; 2005 - $94,722; 2006 - $100,979; 2007 - $4,385,886.

4. Increase (decrease) in net assets, investments

	Investment income (000's)	(Loss) Gain on sale of investments (000's)	Current period change in market value of investments (000's)	2002 Total (000's)	2001 Total (000's)
Canadian common stock	$38,323	$(63,665)	$(81,877)	$(107,219)	$(60,739)
Foreign common stock	15,497	(17,473)	(104,729)	(106,705)	(12,285)
Bonds and debentures	31,508	11,888	3,055	46,451	47,950
Short-term notes and deposits	1,467	464	-	1,931	3,784
Real estate	644	(4,650)	4,975	969	158
	$87,439	$(73,436)	$(178,576)	$(164,573)	$(21,132)

5. Funding policy

In accordance with legislation, the Province's funding requirement is to match employee contributions for current service. A matching of contributions may also occur for certain other types of prior service, which may be purchased under contract (see Note 8).

Also, the Province pays into the Fund amounts required to cover any actual plan deficiencies which may occur. A plan deficiency occurs when pension payments, refunds of contributions and administrative costs exceed a plan's fund balance.

During the 1997-98 fiscal year, Government started to make special payments to the Fund on behalf of the Public Service Pension Plan to address the unfunded liability of that Plan. Government contributed $30 million in each of 1997-98 and 1998-99. In 1999-2000, 2000-01 and 2001-02 Government contributed $40 million. Government's contribution will increase to $45 million in 2002-03 and to $60 million in 2003-04. In accordance with legislation, contributions shall continue at $60 million yearly for the period of time that the plan remains unfunded as established by Government's actuary on a plan termination basis.

During the 1998-99 fiscal year, Government started to make special payments to the Fund on behalf of the Teachers' Pension Plan to address the unfunded liability of that Plan. In accordance with legislation, Government shall pay $815 million to the Plan. Government paid $166 million towards this in each of 1998-99 and 1999-00. Since then, Government has paid $76 million each fiscal year and will continue to do so until a total of $815 million, including interest, has been paid.

5. Funding policy (cont.)

On 18 February 2002, Government approved a special $20 million payment to the Fund in 2001-02, a
in each of the next four fiscal years, to partially finance the unfunded pension liabilities under th
Uniformed Services Pension Plan.

On 14 March 2002, Government approved a special $7.5 million payment to the Fund in 2001-02, a
in each of the next four fiscal years, to partially finance the unfunded pension liabilities under th
Members of the House of Assembly Pension Plan.

6. Administrative costs

Administrative costs are direct costs of the Department of Finance, Pensions Division, and are allocat
to the various pension plans based upon a combination of expenses directly attributable to a plan, th
number of members participating in the various pension plans and a time weighing of receipts a
disbursements. Administrative costs are comprised as follows:

	2002 (000's)	2001 (000's)
Investment management, consulting and custodial fees	$5,674	$5,282
Salaries	1,892	1,725
Computer charges	305	349
Actuarial consulting fees	282	250
Other expenses	188	207
Medical and professional fees	144	160
	$8,485	$7,973

7. Teachers' Indexing Fund

The total fund balance of the Teachers' Pension Plan is comprised of the regular fund balance and the fund balance of the Teachers' Indexing Fund. In accordance with the most recent Teachers' Collective Agreement, contributions required to fund the indexing benefit introduced as of 1 September 2002 shall be deposited to a separate account. As at 31 December 2002 the increase and decrease in the net assets of the Teachers' Indexing Fund and the closing balance along with the closing balance of the Teachers' Regular Fund are comprised as follows:

	2002 (000's)	2001 (000's)
Teachers' Indexing Fund:		
Increases in net assets		
Contributions	$ 1,987	$ -
Investment loss	(8)	-
	1,979	-
Decreases in net assets		
Pensions	1	-
Administration expenses	1	-
	2	-
Increase in net assets	1,977	-
Teachers' Regular Fund	679,013	752,252
Teachers' Pension Plan combined balance	$680,990	$752,252

8. Obligations for pension benefits

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and the best estimate assumptions of the Trustee of the Province of Newfoundland and Labrador Pooled Pension Fund. Actuarial valuations were performed for each plan as of the valuation dates noted below, by a firm of consulting actuaries. The unfunded liabilities at the most recent valuation date are shown in the following table:

8. Obligations for pension benefits (cont.)

		At Valuation Date		
Plan	Valuation Date	Actuarial Present Value (000's)	Asset Value (000's)	Unfunded Liability (000's)
Public Service Pension Plan	12/31/00	$2,884,190	$1,454,250	$1,429,940
Teachers' Pension Plan	08/31/00	2,454,031	755,413	1,698,618
Uniformed Services Pension Plan	12/31/00	207,284	-	207,284
Members of the House of Assembly Pension Plan	12/31/00	51,979	-	51,979
		$5,597,484	$2,209,663	$3,387,821

The actuarial present values for the Public Service Pension Plan, the Teachers' Pension Plan and the Uniformed Services Pension Plan include the effects of future pension benefits accruing to members for periods of prior service that are being purchased under contract. These contracts provide for deferred payment terms, subject to interest, and have not been recognized in the Fund's assets. As at 31 December 2002, the total estimated value of payments to be received on these contracts is $4.1 million (2001 - $4.7 million).

9. Related party transactions

The following investments were held by the Fund as at 31 December 2002:

Description	Face Value (000's)	Market Value (000's)
Province of Newfoundland and Labrador Debentures - Maturing from 2009-11-03 to 2028-04-17	$ 6,144	$ 6,634
Newfoundland and Labrador Hydro Debentures - Maturing on 2026-02-27	2,115	2,770
Newvest Realty Corporation - 2,590,500 Common Shares	25,905	25,905
	$34,164	$35,309

10. Portfolio management

In accordance with an agreement dated 1 February 1997, between the Minister of Finance as Trustee of the Province of Newfoundland and Labrador Pooled Pension Fund and the Royal Trust Corporation of Canada, custodial and administrative services for the Fund are performed by the Corporation, as agent for the Trustee.

As at 31 December 2002, the external investment fund counselling group was comprised of the following firms:

Baillie Gifford Overseas Limited
Beutel, Goodman & Company Ltd.
Connor, Clark & Lunn Investment Management Ltd.
Genus Capital Management
Independence Investment Associates Inc.
Mulvihill Capital Management Inc.
Penreal Capital Management Limited Partnership
Phillips, Hager & North Investment Management Ltd.
RT Realty Advisors Inc.
Sprucegrove Investment Management Ltd.
UBS Global Asset Management (Canada) Co.

11. Financial instruments

The Fund's financial instruments recognized in the Statement of Net Assets Available for Benefits consist of investments, which are carried at market value, and accounts receivable, cash, accounts payable and accrued liabilities, refunds payable, and due to Province of Newfoundland and Labrador, the carrying values of which approximate fair value due to the normal trade credit terms and conditions of those instruments.

12. Subsequent events

(a) Decline in market value of investments

These financial statements present the Fund's financial position as at 31 December 2002 and changes in net assets available for benefits for the year then ended. The financial statements do not reflect the effect of continued deterioration in the Fund's net assets available for benefits since that date.

12. Subsequent events (cont.)

(b) Provincial Court Judges' Pension Plan

On 13 December 2001, the House of Assembly adopted a resolution to establish a separate pension plan for Provincial Court Judges effective 1 April 2002. All future Provincial Court Judges will be required to join the new Provincial Court Judges' Pension Plan, regardless of whether they had past Government service. Up to 31 March 2002, sitting judges had the option of electing to join the new Provincial Court Judges' Pension Plan or remain in the Public Service Pension Plan. On 7 November 2002, Government approved the drafting of a Bill for introduction into the House of Assembly to officially create the Plan, however, this has yet to be finalized.

13. Income taxes

The Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN - NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Provincial Advisory Council on the Status
of Women - Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Provincial Advisory Council on the Status of Women - Newfoundland and Labrador as at 31 March 2003 and the statements of revenues, expenses and equity, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
16 June 2003

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN - NEWFOUNDLAND AND LABRADOR
BALANCE SHEET
31 MARCH 2003

	2003	2002
ASSETS		
Current		
Cash	$22,650	$28,788
Accounts receivable	10,502	7,976
Prepaid expenses	6,394	6,208
	39,546	42,972
Capital assets (Note 2)	33,069	36,913
	$72,615	$79,885
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 8,808	$ 3,402
Long-term debt payable within one year	3,196	2,989
Deferred revenue	6,608	22,054
	18,612	28,445
Long-term debt (Note 3)	29,873	33,925
	48,485	62,370
Equity	24,130	17,515
	$72,615	$79,885

See accompanying notes

Signed on behalf of the Council:

President

Member

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN - NEWFOUNDLAND AND LABRADOR

STATEMENT OF REVENUES, EXPENSES AND EQUITY

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
REVENUES		
Province of Newfoundland and Labrador operating grant	$257,600	$207,600
Gender Lens grant - Status of Women Canada	51,280	67,000
Outreach grant	15,977	-
Miscellaneous	6,254	2,620
Women's Provincial Conference	6,064	4,655
	337,175	281,875
EXPENSES		
Amortization	3,844	2,780
Capital assets	4,198	8,619
Council meetings	30,772	35,687
Gender Lens	50,068	-
Interest on long-term debt	1,718	2,782
Operating expenses	65,023	63,499
Outreach	17,527	18,375
Salaries and employee benefits	152,356	136,659
Women's Provincial Conference	5,054	4,655
	330,560	273,056
Excess of revenues over expenses	6,615	8,819
Equity, beginning of year	17,515	8,696
Equity, end of year	$ 24,130	$ 17,515

See accompanying notes

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN - NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
Cash flows from operating activities		
Excess of revenues over expenses	$ 6,615	$ 8,819
Adjustment for non cash items		
Amortization	3,844	2,780
	10,459	11,599
Changes in non-cash working capital		
Accounts receivable	(2,526)	(2,926)
Prepaid expenses	(186)	(4,970)
Accounts payable and accrued liabilities	5,406	754
Deferred revenue	(15,446)	11,322
	(2,293)	15,779
Cash flows from financing activities		
Repayment of long-term debt	(3,845)	(2,780)
Net (decrease) increase in cash	(6,138)	12,999
Cash, beginning of year	28,788	15,789
Cash, end of year	$ 22,650	$ 28,788

See accompanying notes

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN - NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2003

Authority

The Provincial Advisory Council on the Status of Women - Newfoundland and Labrador (the Council) was established under the *Status of Women Advisory Council Act*. The purpose of the Council is to advise the Minister responsible for the Status of Women, the Government and the public on matters of interest and concern to women. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Council in accordance with Canadian generally accepted accounting principles. Outlined below is the significant accounting policy followed.

Capital assets

Capital assets are capitalized at cost at the time of acquisition. Assets financed by debt are amortized as the debt is repaid. Minor capital asset purchases are charged to operations in the year of acquisition.

2. Capital assets

	2003			2002
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land and building	**$121,052**	**$87,983**	**$33,069**	$36,913

3. Long-term debt

	2003	2002
Royal Trust first mortgage bearing interest at prime plus one percent with a capped rate of 7.5%, repayable in blended bi-weekly instalments of $214; renewable 1 July 2004, maturing 1 July 2011	**$33,069**	$36,914
Less: current portion	**3,196**	2,989
	$29,873	$33,925

The long-term debt is secured by land and building at 131 LeMarchant Road in St. John's.

3. Long-term debt (cont.)

The annual principal repayments of long-term debt required over the next five years, based on a capped rate of 7.5%, are as follows:

2004	$3,196
2005	$3,444
2006	$3,712
2007	$4,001
2008	$4,312

4. Lease commitments

In May 2002 the Council entered into a 5 year agreement for the lease of office equipment requiring annual lease payments of $3,896.

5. Pensions

Council staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Council and remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Council's share of pension contributions for 2003 was $8,525 (2002 - $4,740).

6. Economic dependence

As the Council's revenue consists primarily of operating grants from the Province, its ability to continue viable operations is dependent upon the decisions of the Province.

7. Financial instruments

The Council's financial instruments recognized in the balance sheet consist of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt, the carrying values of which approximate fair value due to the short-term maturity or current market rate associated with these instruments.

The Council's long-term debt is comprised of a mortgage of $33,069 at prime plus one percent with a capped rate of 7.5%. Therefore, there is no rate risk associated with the mortgage and the carrying value of the debt approximates fair value.

8. Income taxes

The Council is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN - NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

9. Comparative figures

Certain of the comparative figures for 2002 have been reclassified to conform with the current year's presentation.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson and Members
Provincial Information and Library
  Resources Board
Stephenville, Newfoundland and Labrador

I have audited the balance sheet of the Provincial Information and Library Resources Board as at 31 March 2003 and the statements of changes in net assets, revenue and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at 31 March 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
26 May 2003

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

BALANCE SHEET

31 MARCH 2003

	2003	2002
ASSETS		
Current		
Cash	$1,398,991	$1,228,915
Accounts receivable (Note 2)	125,706	1,205,043
Prepaid expenses (Note 3)	212,247	166,331
	1,736,944	2,600,289
Capital assets (Note 4)	2,087,400	2,618,889
	$3,824,344	$5,219,178
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities (Note 5)	$ 576,920	$ 525,376
Deferred revenue (Note 6)	527,746	1,497,500
Deposits - local libraries (Note 7)	2,886	14,136
	1,107,552	2,037,012
Severance pay liability	1,057,284	998,398
	2,164,836	3,035,410
Net Assets		
Unrestricted net assets (deficit)	(427,892)	(435,121)
Net assets invested in capital assets	2,087,400	2,618,889
	1,659,508	2,183,768
	$3,824,344	$5,219,178

See accompanying notes

Signed on behalf of the Board: ______________________ ______________________

Chairperson **Member**

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2003

	Invested in Capital Assets	Unrestricted	2003	2002
Net assets (deficit), beginning of year	**$2,618,889**	**$(435,121)**	**$2,183,768**	$2,772,436
Capital grant from Province	-	**120,000**	**120,000**	120,000
Less: Deferred capital grant	-	**(10,000)**	**(10,000)**	-
Excess of revenue over expenses (expenses over revenue)	**(841,120)**	**206,860**	**(634,260)**	(708,668)
Invested in capital assets	**324,406**	**(324,406)**	-	-
Proceeds from disposal of capital assets	**(14,775)**	**14,775**	-	-
Net assets (deficit), end of year	**$2,087,400**	**$(427,892)**	**$1,659,508**	$2,183,768

See accompanying notes

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED 31 MARCH 2003

	2003		2002
	Actual	Budget (Note 8)	Actual
REVENUE			
Operating grant from Province	$7,855,800	$7,855,800	$7,609,700
Other grants			
Computerization projects	435,026	-	581,435
Literacy projects	113,135	-	361,495
Gates Learning Foundation	12,892	-	-
Interest	67,153	60,000	73,016
Miscellaneous	58,863	-	37,669
Fines and lost library materials	33,340	40,000	33,568
Gain on disposal of capital assets	1,677	-	3,522
	8,577,886	7,955,800	8,700,405
EXPENSES			
Amortization	842,797	-	760,735
Bad debt expense	158	-	5,832
Books and periodicals	969,651	1,059,358	957,819
Computerization of libraries	486,914	350,000	623,759
Conferences and workshops	3,608	20,750	4,986
Freight and postage	51,957	71,500	59,609
Grants			
Operating-local libraries (Schedule)	414,486	400,000	448,259
Heat and light	6,664	6,500	6,239
Insurance	51,105	49,500	43,520
Literacy projects	112,085	-	361,495
Miscellaneous	2,445	-	1,148
Office and library supplies	119,720	103,000	74,387
Professional fees	6,500	5,500	11,000
Rental of premises	348,961	354,961	281,627
Repairs and maintenance	24,169	15,000	14,585
Salaries and benefits	5,579,790	5,809,895	5,444,840
Telephone	68,399	90,000	89,513
Travel	122,737	153,000	219,720
	9,212,146	8,488,964	9,409,073
Excess of expenses over revenue	$ (634,260)	$ (533,164)	$ (708,668)

See accompanying notes

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
Cash flows from operating activities		
Excess of expenses over revenue	**$ (634,260)**	$ (708,668)
Adjustments for non-cash items		
Amortization	**842,797**	760,735
Gain on disposal of capital assets	**(1,677)**	(3,522)
	206,860	48,545
Change in non-cash working capital		
Accounts receivable	**1,079,337**	(610,052)
Prepaid expenses	**(45,916)**	4,346
Accounts payable and accrued liabilities	**51,544**	(263,435)
Deferred revenue	**(969,754)**	(77,257)
Deposits - local libraries	**(11,250)**	4,843
	310,821	(893,010)
Increase in severance pay liability	**58,886**	38,924
	369,707	(854,086)
Cash flows from investing activities		
Additions to capital assets	**(324,406)**	(327,635)
Proceeds from disposal of capital assets	**14,775**	3,942
	(309,631)	(323,693)
Cash flows from financing activities		
Capital grant	**120,000**	120,000
Deferred capital grant	**(10,000)**	-
	110,000	120,000
Net increase (decrease) in cash	**170,076**	(1,057,779)
Cash, beginning of year	**1,228,915**	2,286,694
Cash, end of year	**$ 1,398,991**	$ 1,228,915

See accompanying notes

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES
FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
Eastern Division		
Arnold's Cove	$ 1,465	$ 6,366
Bay Roberts	59,985	59,980
Bell Island	1,289	1,274
Bonavista	4,756	3,269
Brigus	5,590	5,493
Burin	1,378	5,719
Carbonear	26,527	27,155
Catalina	2,652	2,476
Clarenville	14,088	14,045
Conception Bay South	6,983	7,073
Fortune	701	840
Fox Harbour	1,391	1,161
Garnish	1,362	1,372
Grand Bank	6,390	7,425
Harbour Grace	3,817	4,307
Holyrood	5,864	5,580
Marystown	5,725	6,040
Mount Pearl	12,880	11,357
Old Perlican	2,791	1,801
Placentia	17,810	14,809
Pouch Cove	2,428	1,633
St. Brides	5,164	5,370
St. Lawrence	863	3,053
Southern Harbour	2,389	2,652
Torbay	1,680	1,770
Trepassey	7,154	5,294
Victoria	1,537	165
Whitbourne	1,593	1,671
Winterton	702	1,043
	206,954	210,193

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES (Cont.)
FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
Central Division		
Baie Verte	**4,765**	4,091
Bishop's Falls	**1,487**	1,012
Botwood	**5,534**	6,000
Buchans	**1,060**	945
Carmanville	**900**	1,024
Centerville	**1,099**	897
Change Islands	**1,150**	796
Fogo	**925**	994
Gambo	**4,101**	1,297
Gander	**23,826**	19,584
Gaultois	**2,406**	2,585
Glenwood	**1,728**	1,888
Glovertown	**1,002**	1,013
Grand Falls-Windsor	**2,692**	3,322
Greenspond	**3,753**	4,148
Harbour Breton	**2,528**	2,665
Hare Bay	**937**	1,008
Harry's Harbour	**4,156**	5,727
Hermitage	**1,136**	1,499
King's Point	**2,627**	2,339
LaScie	**9,509**	2,614
Lewisporte	**4,430**	5,063
Lumsden	**1,115**	1,251
Musgrave Harbour	**990**	1,683
Norris Arm	**2,341**	3,762
Point Leamington	**975**	1,099
Robert's Arm	**4,444**	1,133
St. Albans	**1,416**	1,427
Seal Cove	**964**	1,082
Springdale	**861**	1,381
Summerford	**1,368**	1,905
Twillingate	**1,379**	1,048
Wesleyville	**1,287**	983
	98,891	87,265

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES (Cont.)
FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
Western Newfoundland - Labrador Division		
Bay St. George South	917	849
Burgeo	683	915
Cape St. George	777	952
Cartwright	638	1,597
Churchill Falls	647	495
Codroy Valley	826	1,122
Cormack	1,239	1,627
Corner Brook	4,583	5,615
Cow Head	5,049	5,627
Daniel's Harbour	1,146	1,199
Deer Lake	19,763	15,118
Happy Valley	709	1,120
Labrador City	13,532	12,556
L'Anse au Loup	2,034	6,772
Lark Harbour	712	714
Lourdes	1,393	934
Norris Point	789	768
Pasadena	3,042	1,003
Port au Port	2,536	2,031
Port aux Basques	11,203	10,314
Port Saunders	3,581	3,964
Ramea	697	809
Rocky Harbour	2,256	4,254
St. Anthony	1,834	2,900
St. Georges	897	1,126
St. Lunaire-Griquet	1,061	1,623
Sops Arm	584	638
Stephenville	19,001	56,809
Stephenville Crossing	976	1,264
Wabush	1,929	1,828
Woody Point	3,607	4,258
	108,641	150,801
	$414,486	$448,259

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2003

Authority

The Provincial Information and Library Resources Board (the Board) operates under the authority of the *Public Libraries Act*. The purpose of the Board is to operate the public libraries in the Province. A majority of the members of the Board are appointed by the Lieutenant-Governor in Council. The Board reports to the Minister of Education.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Reporting entity

The reporting entity for the purpose of these financial statements is the Board's head office and divisional offices. The Board's head office includes Administration, Technical Services and the Provincial Resource Library. These financial statements include expenditures for grants made to local libraries under the jurisdiction of the three divisional library boards detailed in the Schedule to the financial statements. Funds raised by local libraries in excess of the grants provided by the Board or any expenditures in excess of these grants are not reflected in these financial statements.

(b) Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization is calculated using the straight line method based on the expected future life of all assets as follows:

Buildings	40 years
Furniture and equipment	10 years
Motor vehicles	5 years
Computer equipment	3 years

(c) Severance pay

The calculation of severance pay is based on years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continuous service, and accordingly no provision has been made in the accounts for employees with less than nine years of continuous service. The amount is payable when the employee ceases employment with the Board. If the employee transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2003

2. Accounts receivable

	2003	2002
Federal Government		
Harmonized Sales Tax	$ 72,633	$ 49,970
Other	7,014	14,981
Provincial Government	29,623	1,133,221
Other	16,594	10,903
	125,864	1,209,075
Less: allowance for doubtful accounts	158	4,032
	$125,706	$1,205,043

3. Prepaid expenses

Prepaid expenses of $212,247 (2002 - $166,331) include inventory of supplies of $51,103 (2002 - $51,571) on hand at the Board's head office and the three divisional library board offices.

4. Capital assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 288,200	$ -	$ 288,200	$ 288,900
Buildings	1,839,821	915,756	924,065	950,468
Furniture and equipment	1,148,071	532,199	615,872	671,459
Motor vehicles	172,646	116,071	56,575	66,208
Computer equipment	1,965,090	1,762,402	202,688	641,854
	$5,413,828	$3,326,428	$2,087,400	$2,618,889

5. Accounts payable and accrued liabilities

	2003	2002
Accounts payable	$191,047	$193,657
Accrued salaries and benefits	385,873	331,719
	$576,920	$525,376

6. Deferred revenue

Deferred revenue represents money received from funding agencies that has not been utilized, and is available for specified expenditures in future years:

	2003	2002
Federal Government	$ 29,229	$ 45,454
Provincial Government	492,531	1,439,154
Gates Learning Foundation	-	12,892
Other	5,986	-
	$527,746	$1,497,500

7. Deposits - local libraries

Funds raised by some local libraries have been deposited with the Board to cover the cost of wages for additional opening hours and for the purchase of books, periodicals and computers. The balance on deposit at 31 March 2003 was $2,886 (2002 - $14,136).

8. Budget

The 2003 budgeted expenditure exceeded the Province's current year provision for operating grants for the Board. The difference will be funded from cash surpluses carried forward from prior years.

9. Lease agreements

The Board has entered into lease agreements for the rental of photocopiers, microfiche readers, postal equipment and various rental properties throughout the Province. Future minimum lease payments for the next five years are as follows:

2004	$447,961
2005	$443,030
2006	$435,823
2007	$381,920
2008	$286,954

10. Pensions

Under the *Public Libraries Act*, Board staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Board's share of pension contributions for 2003 was $271,492 (2002 - $248,621).

11. Income taxes

The Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

12. Economic dependence

As a result of the Board's reliance on Provincial funding, the Board's ability to continue viable operations is dependent upon decisions of the Province.

13. Financial instruments

The Board's financial instruments recognized in the balance sheet consist of cash, accounts receivable, accounts payable and accrued liabilities, and deposits - local libraries, the carrying values of which approximate fair market value due to the short-term maturity or current market rate associated with these instruments.

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member of
Grant Thornton International

Grant Thornton

Provincial Perinatal Program
Financial Statements
March 31, 2002

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member of
Grant Thornton International

Auditors' Report

To the Directors of the
Provincial Perinatal Program

We have audited the statement of financial position of the Provincial Perinatal Program as at March 31, 2002 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Program as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Chartered Accountants

St. John's, Newfoundland
June 21, 2002

P.O. Box 8037
ICON Building
187 Kenmount Road
St. John's
Newfoundland
A1B 3M7
Tel: (709) 722-5960
Fax: (709) 722-7892

Provincial Perinatal Program

Statements of Operations and Changes in Net Assets

Year Ended March 31	2002	2001
Revenue		
Government of Newfoundland and Labrador	$ 258,800	$ 256,900
Expenditure		
Salaries and employee benefits	220,773	238,225
Travel	17,139	13,819
Professional fees	11,978	12,103
Database project	10,000	-
Office supplies and books	8,340	6,867
Other	2,200	1,258
Telephone	2,200	2,200
Rent	994	15,221
Equipment purchases	516	22,591
Postage	27	1,010
Breastfeeding support program	-	828
	274,167	314,122
Excess of expenditure over revenue before other item	(15,367)	(57,222)
Increase (decrease) in severance pay accrual	12,886	(1,497)
Excess of expenditure over revenue	$ (28,253)	$ (55,725)
Net assets, beginning of year	$ 240,609	$ 296,334
Excess of expenditure over revenue	(28,253)	(55,725)
Net assets, end of year	$ 212,356	$ 240,609

See accompanying notes to the financial statements

Provincial Perinatal Program
Statement of Financial Position

March 31	2002	2001
Assets		
Current		
Receivable		
Health Care Corporation of St. John's	$ 275,005	$ 285,405
Liabilities		
Current		
Payables and accruals	$ 5,219	$ 2,649
Accrued vacation pay	9,867	7,470
	15,086	10,119
Accrued severance pay	47,563	34,677
	62,649	44,796
Net Assets		
Net assets	212,356	240,609
	$ 275,005	$ 285,405

On behalf of the Board

L Pardy. Director

Chair, Provincial Perinatal Advisory Committee

C Royle. Director

Provincial Perinatal Program.

See accompanying notes to the financial statements

Provincial Perinatal Program
Notes to the Financial Statements
March 31, 2002

1. Nature of operations

The Provincial Perinatal Program (the Program) is organized to improve the quality of perinatal care in the Province of Newfoundland and Labrador.

The Program works with high-risk perinatal children identified as prémature infants or children with specific neonatal concerns. It liaises closely with the Janeway Child Health Centre's Intensive Care Unit, Special Care Nursery, Physiotherapy and Social Work departments. There is also a close relationship with the Women's Health Program of the Health Care Corporation of St. John's (tertiary care centre for obstetrics), obstetrical units of regional health hospitals, public health nurses and family physicians.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

Capital assets

All capital asset additions are charged to operations in the year of acquisition.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Program.

PUBLIC ACCOUNTANTS LICENSING BOARD

FINANCIAL STATEMENTS

31 DECEMBER 2002

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chair and Members
Public Accountants Licensing Board
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Public Accountants Licensing Board as at 31 December 2002 and the statement of revenue, expenditure and equity for the year then ended. These financial statements are the responsibility of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at 31 December 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
4 June 2003

PUBLIC ACCOUNTANTS LICENSING BOARD

BALANCE SHEET

31 DECEMBER 2002

	2002	2001
ASSETS		
Current		
Cash	$11,605	$ 98
Temporary investments, at cost	39,673	32,260
Prepaid expense	542	672
	$51,820	$33,030
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 4,133	$ 2,488
Deferred revenue	10,800	-
	14,933	2,488
Equity	36,887	30,542
	$51,820	$33,030

See accompanying notes

Signed on behalf of the Board: Ali Hasuk
Chair

Member

PUBLIC ACCOUNTANTS LICENSING BOARD

STATEMENT OF REVENUE, EXPENDITURE AND EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002	2001
REVENUE		
Licences	**$23,900**	$23,815
Interest income	**428**	1,050
	24,328	24,865
EXPENDITURE		
Advertising	**4,005**	3,950
Board remuneration	**3,020**	3,660
Insurance	**750**	750
Interest and bank charges	**158**	263
Meeting expense	**1,533**	1,235
Office supplies	**949**	872
Professional fees	**920**	920
Secretarial services	**3,237**	4,817
Travel	**3,411**	7,742
	17,983	24,209
Excess of revenue over expenditure	**6,345**	656
Equity, beginning of period	**30,542**	29,886
Equity, end of period	**$36,887**	$30,542

See accompanying notes

PUBLIC ACCOUNTANTS LICENSING BOARD

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2002

Authority

The Public Accountants Licensing Board (the Board) was established under authority of the *Public Accountancy Act*. The powers of the Board include granting licences to practise as a public accountant under the Act, keeping a roll of persons licensed and prescribing the educational standards and other qualifications of applicants for a licence.

1. Significant accounting policies

These financial statements have been prepared by the Board in accordance with Canadian generally accepted accounting principles.

2. Financial instruments

The Board's financial instruments recognized in the Balance Sheet consist of cash, temporary investments and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the normal trade credit terms and conditions of these instruments.

3. Income taxes

The Public Accountants Licensing Board is a Crown entity and as such is not subject to Provincial or Federal income taxes.

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Public Health Laboratory
Financial Statements
March 31, 2001

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Auditors' Report

To the Board of Trustees
Health Care Corporation of St. John's

We have audited the statement of financial position of Public Health Laboratory as at March 31, 2001 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Laboratory as at March 31, 2001 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
June 15, 2001

Grant Thornton LLP
Chartered Accountants

P.O. Box 8037
ICON Building
187 Kenmount Road
St. John's
Newfoundland
A1B 3M7
Tel: (709) 722-5960
Fax: (709) 722-7892

Public Health Laboratory
Statements of Operations and Changes in Net Assets

Year Ended March 31	2001	2000
Revenue		
Government of Newfoundland and Labrador	$ 2,389,226	$ 2,195,973
Expenditure		
Wages and benefits	1,103,437	1,109,193
Laboratory supplies	804,711	764,800
Minor equipment	211,286	-
Operating supplies	63,612	60,730
Repairs and maintenance	42,603	27,043
Printing, stationery and office	40,581	72,220
Travel	17,692	5,376
Telephone	6,982	7,355
Professional fees	2,650	3,094
	2,293,554	2,049,811
Excess of revenue over expenditure before the following	95,672	146,162
Depreciation	92,331	94,124
Amortization of deferred capital contributions	(21,305)	(20,260)
Increase in severance pay accrual	4,092	18,667
	75,118	92,531
Excess of revenue over expenditure	$ 20,554	$ 53,631

Net assets (deficit), beginning of year	$ (188,830)	$ (294,575)
Excess of revenue over expenditure	20,554	53,631
Contribution from government for deficit funding	-	52,114
Net assets (deficit), end of year	$ (168,276)	$ (188,830)

See accompanying notes to the financial statements

Public Health Laboratory
Statement of Financial Position

March 31	2001	2000
Assets		
Current		
Cash	$ 500	$ 500
Receivables		
Government of Newfoundland and Labrador	85,408	5,082
Health Care Corporation of St. John's	-	72,193
Prepaid expense	33,880	-
	119,788	77,775
Equipment (Note 3)	325,443	400,472
	$ 445,231	$ 478,247
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 9,073	$ 29,020
Payable to Health Care Corporation of St. John's	37,061	-
Accrued vacation pay	116,888	105,006
Current portion of obligation under capital lease	-	135,352
	163,022	269,378
Accrued severance pay	344,110	340,018
Deferred capital contributions	106,375	57,681
	613,507	667,077
Net Assets (Deficit)		
Deficit	(168,276)	(188,830)
	$ 445,231	$ 478,247

Commitment (Note 5)

On behalf of the Board

Trustee Trustee

See accompanying notes to the financial statements

1. Purpose

The purpose of the Public Health Laboratory is to act as the provincial reference laboratory centre for clinical and public health microbiology and infectious disease surveillance and control. The Laboratory offers specialized and reference laboratory services to all physicians, hospitals, clinics and health related agencies in the province.

2. Summary of significant accounting policies

The financial statements have been prepared within the framework of generally accepted accounting principles, the more significant of which are as follows:

Basis of accounting

These financial statements include only the assets, liabilities, revenue and expenditure relating to the operations carried on under the name of the Public Health Laboratory.

Capital assets

Capital assets are recorded at cost.

Depreciation on equipment is recorded on the straight-line basis at the following rates:

Equipment	15%
Computer equipment	20%

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation related to the capital assets purchased.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay rests with employees with nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. Severance pay is payable when the employee ceases employment with the Laboratory.

Pension costs

Employees of the Public Health Laboratory are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador ("the Government"). Contributions to the plans are required from both the employees and the Public Health Laboratory. The annual contributions for pensions are recognized in the accounts on a current basis.

3. Equipment

			2001	2000
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Equipment	$ 1,286,371	$ 969,263	**$ 317,108**	$ 385,203
Computer equipment	61,097	52,762	**8,335**	15,269
	$ 1,347,468	$ 1,022,025	**$ 325,443**	$ 400,472

4. Financial instruments

The carrying value of the primary financial instruments of the Laboratory approximates fair value.

At year end the Laboratory did not have any significant exposure to any party or counterparty.

5. Commitment

The Laboratory has committed to purchase a Meditech Laboratory Information System. The project is estimated to cost approximately $600,000 and will be funded through bank financing and government contributions. This project is expected to be completed by December 2001.

Grant Thornton LLP
Chartered Accountants
Management Consultants
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Grant Thornton

Public Health Laboratory
Financial Statements
March 31, 2002

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member of
Grant Thornton International

Auditors' Report

To the Board of Trustees
Health Care Corporation of St. John's

We have audited the statement of financial position of Public Health Laboratory as at March 31, 2002 and the statements of operations and changes in deficit for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Laboratory as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP
Chartered Accountants

St. John's, Newfoundland
June 21, 2002

P.O. Box 8037
ICON Building
187 Kenmount Road
St. John's
Newfoundland
A1B 3M7
Tel: (709) 722-5960

Public Health Laboratory
Statements of Operations and Changes in Deficit

Year Ended March 31	2002	2001
Revenue		
Government of Newfoundland and Labrador	$ 2,935,605	$ 2,389,226
Expenditure		
Wages and benefits	1,372,017	1,103,437
Laboratory supplies	1,182,506	804,711
Professional fees	130,571	2,650
Operating supplies	101,211	63,612
Printing, stationery and office	64,584	40,581
Repairs and maintenance	41,627	42,603
Travel	33,575	17,692
Minor equipment	23,247	211,286
Telephone	6,791	6,982
	2,956,129	2,293,554
Excess of (expenditure over revenue) revenue over expenditure before the following	(20,524)	95,672
Depreciation	114,300	92,331
Amortization of deferred capital contributions	(28,571)	(21,305)
Increase in severance pay accrual	53,450	4,092
	139,179	75,118
Excess of (expenditure over revenue) revenue over expenditure	$ (159,703)	$ 20,554

Deficit, beginning of year	$ (168,276)	$ (188,830)
Excess of (expenditure over revenue) revenue over expenditure	(159,703)	20,554
Deficit, end of year	$ (327,979)	$ (168,276)

See accompanying notes to the financial statements

Public Health Laboratory
Statement of Financial Position

March 31	2002	2001
Assets		
Current		
Cash	$ 500	$ 500
Receivables	416,087	85,408
Prepaid expense	-	33,880
	416,587	119,788
Equipment (Note 3)	783,980	325,443
	$ 1,200,567	$ 445,231
Liabilities		
Current		
Payables and accruals	$ 31,863	$ 9,073
Payable to Health Care Corporation of St. John's	364,172	37,061
Accrued vacation pay	141,241	116,888
Current portion of interim leasing arrangement	92,505	-
	629,781	163,022
Interim leasing arrangement (Note 4)	283,400	-
Accrued severance pay	397,560	344,110
Deferred capital contributions	217,805	106,375
	1,528,546	613,507
Deficit		
Deficit	(327,979)	(168,276)
	$ 1,200,567	$ 445,231

On behalf of the Board

Trustee   Trustee

See accompanying notes to the financial statements

1. Nature of operations

The purpose of the Public Health Laboratory is to act as the provincial reference laboratory centre for clinical and public health microbiology and infectious disease surveillance and control. The Laboratory offers specialized and reference laboratory services to all physicians, hospitals, clinics and health related agencies in the province.

2. Summary of significant accounting policies

The financial statements have been prepared within the framework of Canadian generally accepted accounting principles, the more significant of which are as follows:

Basis of accounting

These financial statements include only the assets, liabilities, revenue and expenditure relating to the operations carried on under the name of the Public Health Laboratory.

Use of estimates

In preparing the Laboratory's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Outlined below are those policies considered particularly significant to the Laboratory.

Capital assets

Capital assets are recorded at cost.

Depreciation on equipment is recorded on the straight-line basis at the following rates:

Equipment	15%
Computer equipment	20%

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation related to the capital assets purchased.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay rests with employees with nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. Severance pay is payable when the employee ceases employment with the Laboratory.

Pension costs

Employees of the Public Health Laboratory are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador ("the Government"). Contributions to the plans are required from both the employees and the Public Health Laboratory. The annual contributions for pensions are recognized in the accounts on a current basis.

3. Equipment

			2002	2001
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Equipment	$ 1,317,490	$ 1,059,248	**$ 258,242**	$ 317,108
Computer equipment	602,815	77,077	**525,738**	8,335
	$ 1,920,305	$ 1,136,325	**$ 783,980**	$ 325,443

4. Interim leasing arrangement

	2002	2001
Royal Bank of Canada, interim leasing arrangement, 6.37%, repayable in monthly instalments of principal and interest of $8,217, maturing in 2007.	**$ 375,905**	$ -
Less: current portion	**92,505**	-
	$ 283,400	$ -

Subsequent to year end, the capital lease was finalized with principal and interest terms as indicated above. The total amount financed under this arrangement is $421,340.

5. Financial instruments

The carrying value of the primary financial instruments of the Laboratory approximates fair value.

At year end the Laboratory did not have any significant exposure to any party or counterparty.

6. Subsequent events

On April 30, 2002 the Department of Health and Community Services provided the Corporation with a payment in the amount of $10,500 from its 2001/2002 provincial plan revenue. This funding relates to the cost of pay equity adjustments that were retroactive to 2000/2001. Although the pay equity adjustments are retroactive to 2000/2001 they will not be paid until 2002/2003 with the expense and corresponding provincial plan revenue being recorded in the financial statements for the year ending March 31, 2003.

The payment of $10,500 is preliminary and is subject to change through adjustment of 2002/2003 grant advances following implementation and determination of actual costs.

REGISTRAR OF THE SUPREME COURT

FINANCIAL STATEMENTS

31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Registrar of the Supreme Court
St. John's, Newfoundland and Labrador

I have audited the statement of fund balances of the Registrar of the Supreme Court as at 31 March 2003 and the statements of changes in fund balance for the Estate/Trust Fund, Supreme Court Fund and Administration Fund for the year then ended. These financial statements are the responsibility of the Registrar. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the funds of the Registrar of the Supreme Court as at 31 March 2003 and the changes in fund balances for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
17 June 2003

STATEMENT I

REGISTRAR OF THE SUPREME COURT

STATEMENT OF FUND BALANCES

31 MARCH 2003

	Estate/Trust Fund (Note 2)	Supreme Court Fund (Note 3)	Administration Fund (Note 4)	2003	2002
ASSETS					
Cash	$ 3,526,215	$3,196,408	$175,145	$ 6,897,768	$ 7,381,501
Investments (Note 5)	13,971,875	152,141	-	14,124,016	12,354,997
Irrevocable letter of credit and securities	-	55,511	-	55,511	2,403,603
Real estate and other assets (Note 1)	1	-	-	1	1
Total assets	$17,498,091	$3,404,060	$175,145	$21,077,296	$22,140,102
Total Fund balances	$17,498,091	$3,404,060	$175,145	$21,077,296	$22,140,102

See accompanying notes

Signed: ____________________
Registrar

REGISTRAR OF THE SUPREME COURT

STATEMENT OF CHANGES IN FUND BALANCE

ESTATE/TRUST FUND

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
INCREASES		
Estate/trust assets received	$ 4,033,019	$ 2,816,544
Investment income	559,325	799,841
Pension, compensation and assistance	1,546,854	1,486,026
Sale of chattels	6,041	102,628
Sale of real estate	467,966	712,189
	6,613,205	5,917,228
DECREASES		
Commissions charged and paid to Administration Fund	291,110	213,750
Estate/trust disbursements	2,903,383	3,074,586
Estates/trusts completed	2,727,565	2,269,767
Excess interest paid to Administration Fund	15,820	19,990
Harmonized Sales Tax paid to Administration Fund	43,200	34,128
Revaluation of shares	1,726	7,478
Unclaimed estates paid to Administration Fund	99,929	108,651
	6,082,733	5,728,350
Net increase	530,472	188,878
Fund balance, beginning of year	16,967,619	16,778,741
Fund balance, end of year	$17,498,091	$16,967,619

See accompanying notes

REGISTRAR OF THE SUPREME COURT

STATEMENT OF CHANGES IN FUND BALANCE

SUPREME COURT FUND

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
INCREASES		
Court actions (Payments into Court)	**$ 1,727,619**	$ 1,123,204
Divorce fees	**6,825**	6,530
Fees	**956,658**	1,023,879
Fines and bail	**10,055**	236,650
Investment income	**95,244**	156,999
Judgement recovery	**600**	400
Law Society fees	**16,398**	17,370
	2,813,399	2,565,032
DECREASES		
Commissions charged and paid to Administration Fund	**6,706**	-
Court actions (Payments out of Court)	**3,301,815**	2,340,445
Divorce fees	**6,840**	6,530
Excess interest paid to Administration Fund	**12,500**	5,919
Fees paid to Consolidated Revenue Fund	**940,661**	1,030,341
Fines and bail	**113,965**	152,940
Judgement recovery	-	400
Law Society fees	**15,144**	17,703
Undistributable accounts paid to Administration Fund	-	41,978
	4,397,631	3,596,256
Net decrease	**(1,584,232)**	(1,031,224)
Fund balance, beginning of year	**4,988,292**	6,019,516
Fund balance, end of year	**$ 3,404,060**	$ 4,988,292

See accompanying notes

STATEMENT 4

REGISTRAR OF THE SUPREME COURT

STATEMENT OF CHANGES IN FUND BALANCE

ADMINISTRATION FUND

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
INCREASES		
Commissions received from other Funds	$ 297,816	$ 213,750
Excess interest earned on other Funds	28,320	25,909
Harmonized Sales Tax received from Estate/Trust Fund	43,200	34,128
Investment income	-	15,605
Refunds to Special Reserve Fund	5,177	3,026
Unclaimed and undistributable amounts received from other Funds	99,929	150,629
	474,442	443,047
DECREASES		
Commissions paid to Consolidated Revenue Fund	296,767	214,685
Harmonized Sales Tax remitted to Federal Government	43,085	33,976
Office administration expenditures paid from Special Reserve Fund	558	250,951
Professional fees	43,149	1,902
Unclaimed and undistributable amounts paid to Consolidated Revenue Fund	99,929	150,624
	483,488	652,138
Net decrease	(9,046)	(209,091)
Fund balance, beginning of year	184,191	393,282
Fund balance, end of year (Note 4)	$ 175,145	$ 184,191

See accompanying notes

REGISTRAR OF THE SUPREME COURT

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

Authority

The Registrar of the Supreme Court (the Registrar) operates under the authority of the *Judicature Act*.

The Registrar administers estates of deceased persons when appointed personal representative by the Supreme Court of Newfoundland and Labrador and administers trusts of minors and mentally disabled persons when appointed guardian by the Court or by virtue of Section 20 of the *Mentally Disabled Persons' Estates Act*. The Registrar also has custody of monies paid to the Court in pending actions, as well as monies paid to the Court or to the Registrar under various statutes.

1. Significant accounting policies

These financial statements are prepared on the cash basis of accounting. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Office of the Registrar, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for the cost of these items. However, office administration expenditures paid from the Registrar's Special Reserve Fund under Section 72(2) of the *Judicature Act* are recorded in these financial statements in the amount of $558 for the 2002-2003 year (2001-2002 - $250,951).

(b) Investments

Investments consist of Bank and Trust Company Guaranteed Investment Certificates, Canada Savings Bonds, mortgages, prearranged funerals, promissory notes, Registered Retirement Savings Plans and shares owned by estates at the dates of appointment of the Registrar. Such investments are recorded at face or market value, except for the mortgages and promissory notes which are recorded at face value net of principal payments received.

(c) Real estate and other assets

Real estate and other assets are recorded in these financial statements at an aggregate nominal value of $1 as valuation of these assets is not readily determinable. These assets are recorded in the client accounts at estimated market value for administrative purposes.

(d) Capital assets

Capital assets are charged to expenditure in the year of acquisition.

REGISTRAR OF THE SUPREME COURT

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

2. Estate/Trust Fund

The Registrar, in certain cases, is appointed by the Court as personal representative of the estates of deceased persons or as guardian of the trusts of minors and mentally disabled persons. The trust accounts of the Registrar include monies and other assets held on behalf of such estates/trusts.

3. Supreme Court Fund

Supreme Court funds consist mainly of monies received by the Registrar under, inter alia, the following Acts and Rules and Regulations thereunder:

(a) *Direct Sellers Act*
(b) *Elections Act*
(c) *Expropriation Act*
(d) *Judgement Recovery (Nfld.) Ltd. Act*
(e) *Judicature Act*
(f) *Leaseholds in St. John's Act*
(g) *Life Insurance Act*
(h) *Municipalities Act*
(i) *Public Utilities Acquisition of Lands Act*
(j) *Real Estate Trading Act*
(k) *Residential Tenancies Act*
(l) *Unified Family Court Act.*

4. Administration Fund

The Administration Fund was established to record monies collected pursuant to the Rules of the Supreme Court of Newfoundland and Labrador. It is comprised primarily of a Special Reserve Fund consisting of interest earned in the Estate/Trust Fund and Supreme Court Fund in excess of that allocated to clients in accordance with Section 72(1) of the *Judicature Act*. Other monies in the Administration Fund include commissions and unclaimed and undistributable assets to be paid over to the Consolidated Revenue Fund, and Harmonized Sales Tax collected on commissions to be paid over to the Federal Government.

The allocation between these categories is as follows:

	2003	2002
Special Reserve Fund	**$173,341**	$183,550
Other	**1,804**	641
	$175,145	$184,191

REGISTRAR OF THE SUPREME COURT

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

5. Investments

	2003	2002
Total investments held for all Funds is comprised of the following:		
Guaranteed Investment Certificates and Canada Savings Bonds	**$13,559,755**	$11,792,601
Mortgages	**5,000**	5,000
Prearranged funerals	**200,225**	180,463
Promissory notes	**35,428**	32,541
Registered Retirement Savings Plans	**202,414**	295,603
Shares	**121,194**	48,789
	$14,124,016	$12,354,997

6. Income taxes

The Registrar of the Supreme Court is an entity of the Crown and as such is not subject to Federal or Provincial income taxes.

SPECIAL CELEBRATIONS CORPORATION OF NEWFOUNDLAND AND LABRADOR, INC.
FINANCIAL STATEMENTS
31 MARCH 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Special Celebrations Corporation
of Newfoundland and Labrador, Inc.
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Special Celebrations Corporation of Newfoundland and Labrador, Inc. as at 31 March 2003 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
13 June 2003

SPECIAL CELEBRATIONS CORPORATION OF NEWFOUNDLAND AND LABRADOR, INC.

BALANCE SHEET

31 MARCH 2003

	2003	2002
ASSETS		
Current		
Cash	$197,179	$1,447,655
Accounts receivable (Note 2)	152,689	201,153
	349,868	1,648,808
Capital assets (Note 3)	7,155	4,055
	$357,023	$1,652,863
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current		
Accounts payable and accrued liabilities	$106,988	$ 138,687
Deferred revenue (Note 4)	-	61,709
	106,988	200,396
Shareholder's equity		
Share capital		
Authorized and issued 500 common shares of no par value	1	1
Surplus	250,034	1,452,466
	250,035	1,452,467
	$357,023	$1,652,863

See accompanying notes

Signed on behalf of the Board: ______________________ ______________________

Chairperson **Vice-Chairperson**

SPECIAL CELEBRATIONS CORPORATION OF NEWFOUNDLAND AND LABRADOR, INC.
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
FOR THE YEAR ENDED 31 MARCH 2003

	Actual 2003	Budget 2003	Actual 2002
REVENUES			
Government of Canada	$ 986,006	$1,088,061	$1,707,851
Other revenue	25,472	20,000	67,565
Sponsorship	5,000	-	255,121
Merchandising	1,900	1,500	7,521
Province of Newfoundland and Labrador	-	-	2,298,652
Congress registration fees	-	-	170,340
	1,018,378	1,109,561	4,507,050
EXPENSES			
Access North - Community and Regional Initiatives (Note 5)	269,367	250,000	61,275
Access North - Destination Labrador Program (Note 6)	271,329	462,163	24,582
Access North - Master Plan Development	-	-	31,443
Access North - Nisbet Harbour Archeology Site	4,268	5,000	5,000
Access North - Passport Program	-	-	12,437
Access North - Photograph Exhibit (Note 7)	133,421	191,740	10,984
Access North - Snow Safari Program	57,530	75,050	25,361
Access North - Symposium	35,109	35,000	-
Administration (Note 8)	195,543	213,988	270,726
Affiliated events (Note 9)	462,327	-	404,302
Amortization	6,547	7,000	1,887
Merchandising	-	-	5,282
Promotional material	20,821	30,000	13,662
Public relations and communications	37,096	40,000	288,739
Receiving the World - Congress	-	-	741,243
Receiving the World - December 12th Program	-	-	87,684
Receiving the World - Exhibit Assistance Program	-	-	69,727
Receiving the World - Industry Promotion	-	-	327,528
Receiving the World - Kite Festival	-	-	130,706
Receiving the World - Marconi Exhibit	-	-	20,295
Soirees & Times Program	-	-	8,829
Sponsorship	-	-	18,765
Staffing	727,452	727,353	1,366,709
	2,220,810	2,037,294	3,927,166
Excess of (expenses over revenues) revenues over expenses	(1,202,432)	(927,733)	579,884
Surplus, beginning of year	1,452,466	1,452,466	872,582
Surplus, end of year	$ 250,034	$ 524,733	$1,452,466

See accompanying notes

SPECIAL CELEBRATIONS CORPORATION OF NEWFOUNDLAND AND LABRADOR, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
Cash flows from operating activities		
Excess of (expenses over revenues) revenues over expenses	$(1,202,432)	$ 579,884
Adjustments for non-cash items		
Amortization	6,547	1,887
	(1,195,885)	581,771
Change in non-cash working capital	(44,944)	(2,349,429)
	(1,240,829)	(1,767,658)
Cash flows from investing activities		
Additions to capital assets	(9,647)	(5,942)
Net decrease in cash	(1,250,476)	(1,773,600)
Cash, beginning of year	1,447,655	3,221,255
Cash, end of year	$ 197,179	$ 1,447,655

See accompanying notes

SPECIAL CELEBRATIONS CORPORATION OF NEWFOUNDLAND AND LABRADOR, INC.
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2003

Authority

The Special Celebrations Corporation of Newfoundland and Labrador, Inc. (the Corporation) was incorporated under the *Corporations Act* on 27 August 1998. All shares of the Corporation are held by the Minister of Tourism, Culture and Recreation on behalf of the Province. The purpose of the Corporation is to plan, organize, manage and supervise tourism special events for the Government of Newfoundland and Labrador. Its affairs are governed by a Board of Directors appointed by the Minister of Tourism, Culture and Recreation.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

All capital assets to which the Corporation has title are recorded at cost at the time of acquisition. Grants towards the acquisition of capital assets are deducted from the related capital asset cost with any amortization calculated on the net amount.

Amortization is calculated on a straight line basis as follows:

Computer equipment - 2 years
Furniture - 5 years

(b) In-kind contributions

During the year, the Corporation received various in-kind contributions from a sponsor. These in-kind contributions by their nature are difficult to reasonably estimate and as a result, are not recorded in the Corporation's financial statements.

2. Accounts receivable

	2003	2002
Government of Canada	**$141,745**	$146,349
Harmonized sales tax	**5,977**	14,091
Other	**4,529**	6,210
Bank interest	**438**	1,503
Province of Newfoundland and Labrador	**-**	33,000
	$152,689	$201,153

SPECIAL CELEBRATIONS CORPORATION OF NEWFOUNDLAND AND LABRADOR, INC.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

3. Capital assets

	2003				2002
	Cost	Capital Grants	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	$69,309	$31,837	$30,317	$7,155	$4,055
Furniture	9,778	9,778	-	-	-
	$79,087	$41,615	$30,317	$7,155	$4,055

4. Deferred revenue

Deferred revenue represents revenue relating to future operating periods. The revenue will be reported in the applicable future period to which it relates.

	Province of Newfoundland and Labrador	Government of Canada	2003	2002
Balance, beginning of year	$ -	$ 61,709	$ 61,709	$2,245,652
Grants for the year	-	924,297	924,297	1,822,560
	-	986,006	986,006	4,068,212
Recognized in income during the year	-	(986,006)	(986,006)	(4,006,503)
Balance, end of year	$ -	$ -	$ -	$ 61,709

5. Access North - Community and Regional Initiatives

	2003	2002
Community Events Program	$220,500	$60,000
Cultural Events Program	48,305	-
Travel	562	1,275
	$269,367	$61,275

6. Access North - Destination Labrador Program

	2003	2002
Advertising	$ 48,208	$ -
Awareness Program - Non Resistant	163,067	-
Awareness Program - Resident	39,974	-
FAM Tour - Snow Safari	2,588	23,344
Image Preparation and Indent Program	1,952	1,238
Travel Media	15,540	-
	$271,329	$24,582

7. Access North - Photograph Exhibit

	2003	2002
CD-Rom	$ 4,081	$ 1,890
Coffee table book	30,121	-
Design/fabrication	15,256	1,649
Photo exhibit - advertising/promotion	1,410	-
Photo reproductions	4,171	7,445
Tour preparation and moving	28,631	-
Travel and expenses	41,378	-
Venue costs	8,373	-
	$133,421	$10,984

8. Administration

	2003	2002
Equipment	$ 3,811	$ 5,653
HRDC - overhead	131,033	72,279
Interest and bank charges	60	50
Meeting expenses	770	1,865
Office rent and maintenance	32,930	88,209
Office supplies	6,608	14,833
Postage and delivery	7,931	21,124
Professional services/fees	8,036	10,807
Telephone and fax	2,788	7,155
Travel	1,576	48,751
	$195,543	$270,726

SPECIAL CELEBRATIONS CORPORATION OF NEWFOUNDLAND AND LABRADOR, INC.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2003

9. Affiliated events

	2003	2002
Affiliated events program	$ -	$260,412
Festival 500	100,000	116,800
French 2004 Celebrations	150,000	-
Juno Awards	-	27,090
Previous events	12,327	-
Targa Newfoundland	200,000	-
	$462,327	$404,302

10. Related party transactions

(a) The Province has provided certain office equipment and furnishings at no cost to the Corporation. These assets are not reflected in these financial statements.

(b) During 2002-03 the Corporation did not receive any grants from the Province. Operations were financed mainly from prior year surpluses and grants received from the Government of Canada.

11. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

12. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

13. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the normal trade credit terms and conditions of these instruments.

14. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Financial Statements of

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)

March 31, 2003

Deloitte & Touche

Auditors' Report

To the Members of the Board of Directors
St. John's Nursing Home Board

We have audited the balance sheet of the St. John's Nursing Home Board (Regional Services and the Hoyles-Escasoni Complex) as at March 31, 2003, and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2003, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants
July 4, 2003

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Statement of Operations
Year Ended March 31, 2003

	2003 $	2002 $
REVENUE		
Provincial plan	**60,121,214**	51,914,992
Less: amounts paid to nursing homes	**30,426,155**	26,319,642
	29,695,059	25,595,350
Residents	**4,081,232**	3,655,892
Other	**704,376**	1,132,010
	34,480,667	30,383,252
EXPENDITURES		
Nursing/inpatient services	**18,581,573**	16,408,293
Support services	**8,403,257**	7,534,095
Administration	**4,350,132**	4,146,823
Diagnostic and therapeutic services	**1,826,348**	1,673,288
Other	**-**	179,844
Education	**46,668**	120,188
Interest, municipal taxes and insurance	**166,185**	36,737
	33,374,163	30,099,268
SURPLUS ON OPERATIONS	**1,106,504**	283,984
BOARD FUND OPERATIONS	**(9,565)**	(7,778)
SURPLUS BEFORE NON-SHAREABLE ITEMS	**1,096,939**	276,206
ADJUSTMENT FOR NON-SHAREABLE ITEMS:		
Amortization of deferred capital contributions	**340,169**	306,314
Amortization of capital assets	**(1,267,816)**	(1,379,157)
Accrued vacation	**(290,835)**	(131,471)
Accrued severance	**(500,303)**	(227,178)
EXCESS OF EXPENDITURES OVER REVENUE	**(621,846)**	(1,155,286)

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Statement of Changes in Fund Balances
Year Ended March 31, 2003

	2003				2002
	Operating Fund	Net Investment in Capital Assets	Board Equity	Total	Total
	$	$	$	$	$
BALANCE, BEGINNING OF YEAR	(6,198,023)	13,620,988	355,580	7,778,545	8,933,831
Excess of (expenditures over revenue) revenue over expenditures	315,366	(927,647)	(9,565)	(621,846)	(1,155,286)
Transfer of opening accumulated operating deficit (Note 10)	(3,808,972)	-	-	(3,808,972)	-
Repayment of Lease Principle	(268,417)	268,417	-	-	-
BALANCE, END OF YEAR	(9,960,046)	12,961,758	346,015	3,347,727	7,778,545

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Balance Sheet

March 31, 2003

	2003 $	2002 $
ASSETS		
CURRENT		
Cash	1,116,075	-
Due from affiliated entities (Note 3)	-	2,939,475
Accounts receivable (Note 4)	886,922	1,540,208
Inventory	242,636	194,638
Prepaid expenses	31,403	87,330
	2,277,036	4,761,651
DEFERRED CHARGES (Note 11)	808,556	961,741
RESIDENTS' TRUST FUNDS	588,050	585,708
CAPITAL ASSETS (Note 5)	17,309,582	18,331,989
	20,983,224	24,641,089
LIABILITIES AND FUND BALANCES		
CURRENT		
Bank indebtedness	-	212,700
Accounts payable and accrued liabilities	3,824,304	3,589,761
Accrued vacation pay	1,503,190	1,212,355
Due to affiliated entities (Note 3)	882,735	-
Deferred operating grants	73,753	73,753
Deferred capital grants	1,814,993	2,376,921
Current portion of obligations under capital lease (Note 6)	258,822	264,133
	8,357,797	7,729,623
OBLIGATIONS UNDER CAPITAL LEASE (Note 6)	977,588	1,240,694
RESIDENTS' TRUST FUNDS	588,050	585,708
ACCRUED SEVERANCE PAY	4,600,648	4,100,345
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	3,111,414	3,206,174
	17,635,497	16,862,544
COMMITMENT (Note 10)		
FUND BALANCES		
Operating fund	(9,960,046)	(6,198,023)
Net investment in capital assets (Note 8)	12,961,758	13,620,988
Board equity	346,015	355,580
	3,347,727	7,778,545
	20,983,224	24,641,089

APPROVED ON BEHALF OF THE BOARD:

Primrose Bishop Director

Director

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Statement of Cash Flows
Year Ended March 31, 2003

	2002 $	2002 $
OPERATING ACTIVITIES		
Excess of expenditures over revenue	**(621,846)**	(1,155,286)
Adjustments for:		
Amortization of capital assets	**1,267,816**	1,379,157
Amortization of deferred capital contributions	**(340,169)**	(306,314)
Increase in severance pay accrual	**500,303**	227,178
Transfer of opening accumulated operating deficit	**(3,808,972)**	-
Changes in non-cash working capital (Note 9)	**4,446,875**	1,409,274
	1,444,007	1,554,009
INVESTING ACTIVITIES		
Decrease (Increase) in deferred charges	**153,185**	(283,815)
Assets acquired through capital lease	**-**	(1,504,827)
Building improvements and equipment purchases	**(245,409)**	(566,121)
	(92,224)	(2,354,763)
FINANCING ACTIVITIES		
Proceeds from capital lease	**-**	1,504,827
Repayment of obligations under capital lease	**(268,417)**	-
Deferred building and equipment grants	**245,409**	566,121
	(23,008)	2,070,948
NET INCREASE IN CASH RESOURCES	**1,328,775**	1,270,194
BANK INDEBTEDNESS, BEGINNING OF YEAR	**(212,700)**	(1,482,894)
CASH (BANK INDEBTEDNESS), END OF YEAR	**1,116,075**	(212,700)

1. DESCRIPTION OF BUSINESS

The St. John's Nursing Home Board is a partnership of not-for-profit organizations that operates homes in the St. John's region. It was constituted under the Hospital's Act by the Province of Newfoundland and Labrador and given the mandate to operate the Hoyles-Escasoni Complex, arrange agreements with nursing home owner/operators and assume responsibility for the St. John's Nursing Home budget with a goal of promoting quality care for the aged and young disabled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Basis of presentation

As at March 31, 2003, management and operations of all nursing homes had not been assumed by this Board. These financial statements reflect the operations of the St. John's Nursing Home Board regional services and those of the Hoyles-Escasoni Complex. These financial statements do not reflect the operations of the remaining homes, all of which have issued financial statements on an individual basis.

Fund accounting

The Board employs fund accounting, classifying financial statement items in either the operating fund, net investment in capital assets or Board equity.

The operating fund includes the operating assets and liabilities of the Board. Income consists of revenue from providing accommodation and health care services (including grants and subsidies). Additionally, it receives funds from the Department of Health and Community Services of the Government of Newfoundland and Labrador (the "Department") in the form of capital grants together with contributions from other sources restricted for capital purposes. Expenses of this fund consist of those incurred to provide accommodation and health care services.

The net investment in capital assets represents assets purchased for the use of the operating fund.

Board equity fund contains assets held for special purposes which may be used at the discretion of the Board and to fund expenditures incurred for the benefit of the residents. Revenue consists primarily of bequests, donations and interest income. Expenses charged to these funds consist of item that are not funded by the Department.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

The Board follows the deferral method of accounting for contributions whereby externally restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenditure is incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions related to depreciable capital assets are recorded as deferred capital contributions and amortized to income on the same basis as the related capital assets are being amortized.

The Board is reimbursed by the Department for the total of its operating costs after deductions of specific revenue and expenditures. The final amount to be received by the Board for the 2003 fiscal year will not be determined until the Department has completed its review of the Board's financial statements. Adjustments resulting from the Department's reviews and final position statements will be considered by the Board and reflected in the year of assessment.

Capital assets

Original capital assets transferred to the Board:

On October 1, 1987, the land, buildings and furniture and equipment of the Regional Services and the Hoyles-Escasoni Complex became the responsibility of the Board of Directors of the Hoyles-Escasoni Complex. On April 1, 1997 the capital assets became the responsibility of the Board of Trustees of the St. John's Nursing Home Board. The property transferred at this date, however, remains under the legal ownership of the Province of Newfoundland and Labrador. The financial statements have been prepared to reflect all assets under the responsibility of the Board. Accordingly, the amounts reported for land, buildings and furniture and equipment include an estimate by management of the market value of those assets transferred on October 1, 1987. Management estimated the market value of the land and current replacement costs of the buildings, equipment and furniture as at October 1, 1987, based upon:

i) estimates by real estate agents as to the current market value of the land based on residential zoning;

ii) replacement cost of the buildings based on the square footage of the buildings and current construction cost indices; and,

iii) furniture and equipment based upon similar institutional health facilities replacement costs on a per bed basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets (Continued)

The valuation of the capital assets at October 1, 1987 was as follows:

	$
Land	650,000
Buildings	16,100,000
Furniture and equipment	3,900,000
	20,650,000

Capital assets acquired after October 1, 1987:

Additions subsequent to October 1, 1987, for buildings, furniture and equipment are recorded at cost.

Amortization of capital assets

Amortization is calculated at the following rates based on the following estimated life expectancies:

	Basis	Rate
Buildings	Straight line	2.50%
Furniture and Equipment - Complex	Straight line	6.67%
Furniture and Equipment – Regional	Straight line	20%
Computer Equipment – Complex	Straight line	20%
Vehicles	Straight line	20%
Assets under capital lease – hardware	Straight line	25%
– software	Straight line	14.3%

Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Vacation pay

Vacation pay is accrued for all employees as entitlement to these payments is earned.

Severance pay

Severance pay is accrued for all employees for which the right to such compensation is vested. As the Province of Newfoundland and Labrador funds the Board on a cash basis, this item is disclosed as non-shareable.

No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of service.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension costs

Employees of the Board are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Board. The annual contributions for pensions are recognized in the accounts on a current basis.

Deferred charges

Deferred charges include costs incurred relating to an energy performance contract as disclosed in Note 11. The deferred charges are being amortized over the 10 year life of the energy performance contract.

Use of accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from those estimates.

3. DUE FROM (TO) AFFILIATED ENTITIES

	2003	2002
	$	$
Saint Luke's Home	**(92,672)**	351,159
Masonic Park-Nursing Home	**71,115**	439,839
The Salvation Army Glenbrook Lodge	**(152,017)**	920,693
St. Patrick's Mercy Home	**(446,789)**	719,010
The Agnes Pratt Home	**(262,372)**	508,774
	(882,735)	2,939,475

4. ACCOUNTS RECEIVABLE

	2003	2002
	$	$
Province of Newfoundland and Labrador - operating grant	**186,910**	334,785
Province of Newfoundland and Labrador - capital grant	**30,000**	664,500
Residents, insurers and other	**413,904**	407,145
Hoyles-Escasoni Foundation Inc.	**10,495**	94,418
HST rebate from federal government	**245,613**	39,360
	886,922	1,540,208

5. CAPITAL ASSETS

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Land	650,000	-	650,000	650,000
Buildings	22,252,757	7,792,425	14,460,332	14,991,138
Furniture and equipment	6,828,912	5,849,935	978,977	1,212,238
Computer equipment	488,395	358,918	129,477	155,230
Vehicles	259,558	135,409	124,149	87,646
	30,479,622	14,136,687	16,342,935	17,096,252
Assets acquired under capital lease	1,504,827	538,180	966,647	1,235,737
	31,984,449	14,674,867	17,309,582	18,331,989

6. OBLIGATIONS UNDER CAPITAL LEASE

Future minimum payments under capital leases, together with the balance of the obligation due under capital leases are as follows for the year ending in:

	$
2004	350,475
2005	350,475
2006	350,475
2007	350,475
Total minimum lease payments	1,401,900
Less: amount representing interest	165,490
	1,236,410
Less: current portion	258,822
Balance of the obligation	977,588

Interest has been imputed at 6.84%.

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized portion of restricted contributions relating to capital assets which will be reported in revenue in future accounting periods. Deferred capital contributions are amortized on a basis and at a rate consistent with the amortization rate for the related asset purchased.

The changes in deferred capital contribution balance for the year are as follows:

	2003 $	2002 $
Balance, beginning of the year	**3,206,174**	2,946,367
Contributions	**245,409**	566,121
Amortization for the year	**(340,169)**	(306,314)
Balance, end of the year	**3,111,414**	3,206,174

8. NET INVESTMENT IN CAPITAL ASSETS

	2003 $	2002 $
Capital assets, net	**17,309,582**	18,331,989
Current portion of obligations under capital lease	**(258,822)**	(264,133)
Obligations under capital lease	**(977,588)**	(1,240,694)
Deferred capital contributions	**(3,111,414)**	(3,206,174)
Net investment in capital assets	**12,961,758**	13,620,988

The excess of expenditures over revenue reported in the statement of changes in fund balances for net investment in capital assets includes the following:

	2003 $	2002 $
Amortization of deferred capital contributions	**340,169**	306,314
Amortization of capital assets	**(1,267,816)**	(1,379,157)
	(927,647)	(1,072,843)

9. CHANGES IN NON-CASH WORKING CAPITAL

	2003 $	2002 $
Due from affiliated entities	2,939,475	(144,158)
Accounts receivable	653,286	1,178,078
Inventory	(47,998)	(100,688)
Prepaid expenses	55,927	(37,197)
Accounts payable and accrued liabilities	234,543	537,376
Due to affiliated entities	882,735	-
Deferred operating grants	-	(53,611)
Deferred capital grants	(561,928)	(101,997)
Accrued vacation pay	290,835	131,471
	4,446,875	1,409,274

10. COMMITMENT TO FUND ACCUMULATED OPERATING DEFICIT

The St. John's Nursing Home Board has committed to funding any accumulated operating deficit that arises within the six nursing homes as funding becomes available from the Department of Health and Community Services. For the year ended March 31, 2003, the accumulated deficit of the homes, including the Hoyles-Escasoni Complex, totals $4,318,749 as disclosed in Schedule 4.

11. CONTRACTUAL AGREEMENTS

The Board entered into an Energy Performance Contract on August 11, 1998 with The Enerplan/Rose Group for the design, implementation and monitoring of energy efficiency improvements. The cost of the contract is $5,605,094. Lump sum amounts aggregating $1,008,555 have been paid and recorded as deferred charges with the remaining balance of $4,596,439 being financed by the Enerplan/Rose Group through CitiCapital Technology Finance Limited. The deferred charge amount is being amortized at $103,442 annually for 9.75 years while the payments to the Enerplan/Rose Group are $56,833 per month over a period of 9.75 years.

The Enerplan/Rose Group has assigned its payments under the contract to CitiCapital Technology Finance Limited. As at March 31, 2002, the outstanding balance of the financing through the Enerplan/Rose Group was $4,255,541. The Board's obligation for payment is limited to actual cost savings as the Enerplan/Rose Group has guaranteed the reduction in operating costs would equal or exceed the costs incurred under the contract.

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments and the amortization of the deferred charges relating to lump sum amounts under the contract are being reported in the Board's operating statements as a normal operating cost.

12. FINANCIAL INSTRUMENTS

The carrying values of accounts receivable, bank indebtedness, accounts payables and accrued liabilities approximate fair value due to the short term to maturity of these financial instruments. The carrying value of long term debt financing approximates fair value based upon current borrowing rates available to the facility.

13. COMPARATIVE FIGURES

Figures presented for comparative purposes have been reclassified to conform to the current year's presentation.

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Schedule of Expenditures for Government Reporting
Year Ended March 31, 2003

	2003			2002
	Regional	Hoyles-Escasoni	Total	Total
	$	$	$	$
ADMINISTRATION				
Executive offices	887,150	186,187	1,073,337	1,201,814
Finance	858,767	-	858,767	968,778
Human resources	1,089,233	-	1,089,233	854,085
Information systems	580,319	-	580,319	461,211
Materials management	330,145	-	330,145	288,046
Telecommunications	9,838	85,489	95,327	110,454
Plant administration	131,663	-	131,663	86,583
Quality initiatives	97,833	-	97,833	67,114
Volunteer services	57,663	-	57,663	55,946
Public relations	35,845	-	35,845	52,792
	4,078,456	271,676	4,350,132	4,146,823
SUPPORT SERVICES				
Food services	-	3,921,523	3,921,523	3,440,215
Housekeeping	-	1,648,066	1,648,066	1,451,689
Plant operations	883,165	621,418	1,504,583	995,201
Laundry	-	500,648	500,648	873,586
Plant maintenance	9,515	737,823	747,338	627,137
Resident transportation	-	48,403	48,403	79,497
Security	-	32,696	32,696	66,770
	892,680	7,510,577	8,403,257	7,534,095
NURSING/INPATIENT SERVICES				
Nursing services	456,046	17,421,554	17,877,600	15,676,969
Nursing administration	-	651,438	651,438	679,525
Medical administration	52,535	-	52,535	51,799
	508,581	18,072,992	18,581,573	16,408,293
DIAGNOSTIC AND THERAPEUTIC SERVICES				
Recreation therapy	63,240	443,076	506,316	451,680
Physiotherapy	284,287	173,920	458,207	426,909
Social work	87,558	239,085	326,643	299,229
Clinical nutrition	260,299	-	260,299	249,066
Occupational therapy	274,883	-	274,883	246,404
	970,267	856,081	1,826,348	1,673,288
EDUCATION	46,668	-	46,668	120,188
INTEREST LONG TERM DEBT, MUNICIPAL TAXES AND INSURANCE	94,384	71,801	166,185	36,737
OTHER	-	-	-	179,844
	6,591,036	26,783,127	33,374,163	30,099,268

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Schedule of Revenues and Expenditures for Government Reporting
Year Ended March 31, 2003

	2003			2002
	Regional	Hoyles-Escasoni	Total	Total
REVENUE	$	$	$	$
Provincial plan	60,121,214	-	60,121,214	51,914,992
Less: paid to nursing homes	(52,502,877)	22,076,722	(30,426,155)	(26,319,642)
	7,618,337	22,076,722	29,695,059	25,595,350
Residents	-	4,081,232	4,081,232	3,655,892
Other	79,203	625,173	704,376	1,132,010
	7,697,540	26,783,127	34,480,667	30,383,252
EXPENDITURES				
Salaries	3,852,949	19,538,016	23,390,965	21,140,681
Employee benefits	898,801	4,303,714	5,202,515	4,663,408
Supplies - regular	1,744,023	2,649,957	4,393,980	4,047,128
Supplies - drugs	2,317	109,703	112,020	114,313
Supplies - medical and surgical	-	181,737	181,737	133,738
Lease - interest	92,946	-	92,946	
Lease - principal	268,417	-	268,417	-
	6,859,453	26,783,127	33,642,580	30,099,268
SURPLUS (DEFICIT) ON OPERATIONS	838,087	-	838,087	283,984
Long Term Debt - Principal	268,417	-	268,417	
BOARD FUND OPERATIONS	(9,565)	-	(9,565)	(7,778)
SURPLUS (DEFICIT) BEFORE NON-SHAREABLE ITEMS	1,096,939	-	1,096,939	276,206
ADJUSTMENT FOR NON-SHAREABLE ITEMS:				
Amortization of deferred capital contributions	108,496	231,673	340,169	306,314
Amortization of capital assets	(377,585)	(890,231)	(1,267,816)	(1,379,157)
Accrued vacation	(196,851)	(93,984)	(290,835)	(131,471)
Accrued severance	(120,702)	(379,601)	(500,303)	(227,178)
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	510,297	(1,132,143)	(621,846)	(1,155,286)

Schedule 3

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Schedule of Capital Transactions Funding and Expenditure for Government Reporting
Year Ended March 31, 2003

	2003 $	2002 $
SOURCE OF FUNDS		
Deferred capital grant from prior year	2,376,921	2,478,918
Provincial capital grant in current year	276,370	1,445,342
Transfer to operating grant	(80,500)	(179,844)
Transfers to nursing homes	(522,883)	(881,374)
Obligations under capital lease	-	1,504,827
Capital contribution from Hoyles-Escasoni Foundation Inc.	10,494	80,000
Deferred capital grant from current year	(1,814,993)	(2,376,921)
	245,409	2,070,948
EXPENDITURES		
Assets acquired through capital lease	-	1,504,827
Purchase of capital assets	245,409	566,121
	245,409	2,070,948
SURPLUS (DEFICIT) ON CAPITAL PURCHASES	-	-

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Schedule of Accumulated Operating Deficit for Government Reporting
Year Ended March 31, 2003

	2003 $	2002 $
CURRENT ASSETS		
Cash	**1,116,075**	-
Due from affiliated entities	-	2,939,475
Receivables	**886,922**	1,540,208
Inventory	**242,636**	194,638
Prepaid expenses	**31,403**	87,330
	2,277,036	4,761,651
CURRENT LIABILITIES		
Bank indebtedness	-	212,700
Payables and accruals	**3,824,304**	3,589,761
Due to affiliated entities	**882,735**	-
Deferred operating grants	**73,753**	73,753
Deferred capital grants	**1,814,993**	2,376,921
	6,595,785	6,253,135
ACCUMULATED OPERATING DEFICIT	**(4,318,749)**	(1,491,484)

St. John's Regional Health and Community Services Board - Operating Fund
Financial Statements
March 31, 2003

Grant Thornton

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of
St. John's Regional Health and Community Services Board

We have audited the statement of financial position of **St. John's Regional Health and Community Services Board – Operating Fund** as at March 31, 2003 and the statements of operations, changes in net assets (deficiency) and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the operating fund as at March 31, 2003 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
June 12, 2003

Grant Thornton LLP
Chartered Accountants

P.O. Box 8037
ICON Building
187 Kenmount Road
St. John's
Newfoundland and Labrador
A1B 3M7
T (709) 722-5960
F (709) 722-7892
E StJohns@GrantThornton.ca
W www.GrantThornton.ca

Canadian Member of Grant Thornton International

St. John's Regional Health and Community Services Board – Operating Fund

Statement of Operations

Year Ended March 31	2003	2002
Revenue		
Provincial Plan	$ 71,340,007	$ 67,524,094
National Child Benefit	2,797,591	2,026,807
Early Childhood Development	518,570	178,569
Travel clinics	35,891	32,781
Other	229,527	247,508
	74,921,586	70,009,759
Cost of Services		
Administration	6,173,283	5,420,971
Client services programs		
Addictions	1,223,369	1,095,284
Continuing Care	13,666,530	13,681,189
Health Promotion and Protection	5,325,923	4,671,622
Mental Health	3,793,456	3,405,790
Child, Youth and Family Services	21,200,828	19,872,730
Family and Rehabilitation	22,225,422	20,950,733
Community Corrections	1,288,650	1,221,071
	74,897,461	70,319,390
Surplus (deficit) prior to non-shareable items	24,125	(309,631)
Non-shareable items		
Amortization of government capital assistance	121,109	74,047
Vacation pay	(131,158)	(150,924)
Depreciation	(170,325)	(167,991)
Severance pay	(506,439)	(112,251)
Deficiency of revenue over cost of services	$ (662,688)	$ (666,750)

See accompanying notes to the financial statements.

St. John's Regional Health and Community Services Board – Operating Fund

Statement of Financial Position

March 31	2003	2002
Assets		
Current		
Receivables	$ 4,222,262	$ 3,023,798
Due from Board Fund	180,095	-
Prepaids	845,842	1,047,042
	5,248,199	4,070,840
Capital assets (Note 3)	1,286,919	1,179,443
	$ 6,535,118	$ 5,250,283
Liabilities		
Current		
Bank indebtedness (Note 4)	$ 3,744,788	$ 1,620,088
Payables and accruals	5,124,377	4,717,932
Advance for Breast Screening Project (Note 5)	778,358	4,108
Vacation pay payable	1,426,547	1,295,389
Deferred revenue - Provincial Plan	724,137	972,054
- National Child Benefit	940,756	2,891,715
- Early Childhood Development	369,869	31,589
Current portion of long term debt	44,387	41,740
Due to Board Fund	-	249,826
	13,153,219	11,824,441
Severance pay payable	3,593,548	3,087,109
Long term debt (Note 6)	577,489	621,876
Deferred government capital assistance, net of accumulated amortization (Note 7)	331,891	227,593
	17,656,147	15,761,019
Net Assets (Deficiency)		
Net assets invested in capital assets (Note 8)	333,153	288,234
Deficiency	(11,454,182)	(10,798,970)
	(11,121,029)	(10,510,736)
	$ 6,535,118	$ 5,250,283

Commitments (Note 10)

On behalf of the Board

Joan Dawe Member Member

See accompanying notes to the financial statements.

St. John's Regional Health and Community Services Board – Operating Fund

Statement of Changes in Net Assets (Deficiency)

Year Ended March 31

	2003			2002
	Net Assets Invested in Capital Assets	Deficiency	**Total**	Total
Balances, beginning of year	$ 288,234	$(10,798,970)	**$(10,510,736)**	$(9,843,986)
Deficiency of revenue over cost of services	(49,216)	(613,472)	**(662,688)**	(666,750)
Transfer from Board Fund for unfunded capital expenditures	52,395	-	**52,395**	-
Transfer for debt repayment	41,740	(41,740)	-	-
Balances, end of year	$ 333,153	$(11,454,182)	**$(11,121,029)**	$(10,510,736)

Deficiency comprised of:

Balance prior to accrual for unfunded items	$ (6,434,087)
Vacation pay payable	(1,426,547)
Severance pay payable	(3,593,548)
	$ (11,454,182)

See accompanying notes to the financial statements.

St. John's Regional Health and Community Services Board – Operating Fund

Statement of Cash Flows

Year Ended March 31	2003	2002
Increase (decrease) in cash and cash equivalents		
Operating		
Deficiency of revenue over cost of services	$ (662,688)	$ (666,750)
Amortization of government capital assistance	(121,109)	(74,047)
Depreciation	170,325	167,991
Severance pay	506,439	112,251
	(107,033)	(460,555)
Change in non-cash operating working capital (Note 9)	(1,546,007)	3,309,672
	(1,653,040)	2,849,117
Financing and Investing		
Capital contributions from Provincial Plan	225,407	64,029
Repayment of long term debt	(41,740)	(39,175)
Advances to Board Fund	(429,921)	(623,707)
Transfer from Board Fund	52,395	-
Purchase of capital assets	(277,801)	(64,029)
Increase (decrease) in bank borrowings	1,975,000	(625,000)
	1,503,340	(1,287,882)
Net (decrease) increase in cash and cash equivalents	(149,700)	1,561,235
Cash and cash equivalents		
Beginning of year	(345,088)	(1,906,323)
End of year	$ (494,788)	$ (345,088)

See accompanying notes to the financial statements.

1. Nature of operations

Operating Fund

The Operating Fund is used to account for the operating activities of the Organization provided through the following programs: Addictions; Continuing Care; Health Promotion and Protection; Mental Health; Child, Youth and Family Services; Family and Rehabilitation; and Community Corrections. These health care services are provided in the areas of St. John's, Mount Pearl, Bell Island, Conception Bay South and the Southern Shore to St. Shotts and are delivered under the name Health and Community Services - St. John's Region.

Any investment revenue and interest earned on the operating accounts are credited to the Board Fund. The Board Fund may be used to partially offset any Operating Fund deficits. The operations of the Board are conducted under the name St. John's Regional Health and Community Services Board - Board Fund. The results of the Board Fund are presented in separate financial statements.

2. Significant accounting policies

Use of estimates

In preparing the organization's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Revenue recognition

St. John's Regional Health and Community Services Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Provincial plan revenue is recognized when received or receivable for the fiscal year for which the amounts are approved by the Department of Health and Community Services.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks (net of overdrafts). Bank borrowings are considered to be financing activities.

2. Significant accounting policies (cont'd)

Capital assets and depreciation

Purchases of minor equipment are charged to cost of services in the year they are purchased. Major equipment purchases are recorded at their full cost under capital assets.

Rates and bases of depreciation applied to write-off the cost of capital assets over their estimated lives are as follows:

Buildings	4%, declining balance
Furniture and equipment	20%, declining balance
Medical equipment	20%, declining balance
Computer equipment	30%, declining balance
Leasehold improvements	10%, straight-line

Severance pay

A liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such payments. No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of continuous service.

Government capital assistance

Government grants relating to the acquisition of capital assets are recorded as deferred credits and amortized on the same basis as the related asset is depreciated. During the year a grant of $225,407 (2002 - $64,029) was received from the Department of Health and Community Services.

Medical supplies

Medical supplies are charged to cost of services when purchased.

3. Capital assets

	Cost	Accumulated Depreciation	**2003** **Net Book Value**	2002 Net Book Value
Land	$ 20,000		**$ 20,000**	$ 20,000
Buildings	902,969	$ 241,567	**661,402**	688,960
Furniture and equipment	671,270	481,721	**189,549**	192,376
Medical equipment	237,984	174,751	**63,233**	77,193
Computer equipment	835,081	508,773	**326,308**	200,914
Leasehold improvements	26,875	448	**26,427**	-
	$ 2,694,179	$ 1,407,260	**$ 1,286,919**	$ 1,179,443

St. John's Regional Health and Community Services Board – Operating Fund

Notes to the Financial Statements

March 31, 2003

4. **Bank indebtedness**	**2003**	2002
Operating line of credit	**$ (3,250,000)**	$ (1,275,000)
Cash and cash equivalents	**(494,788)**	(345,088)
	$ (3,744,788)	$ (1,620,088)

The organization had an operating line of credit, supported by an authorization to borrow from the Province, of $5,300,000 of which $2,050,000 was unused at March 31, 2003. This authority to borrow and related line of credit will expire on April 30, 2003, coinciding with the commencement of funding for the next fiscal year.

5. Advance for Breast Screening Project

The Breast Screening Project is a project of the Department of Health and Community Services and does not fall within the responsibility or accountability of Health and Community Services - St. John's Region. The funding for this project is channelled through Health and Community Services - St. John's Region who pay the project expenses on behalf of the Department of Health and Community Services, and any unexpended funds are repayable to the Department.

6. **Long term debt**	**2003**	2002
6.41% Toronto Dominion Bank term loan, amortized to March 15, 2012, repayable in equal monthly instalments of principal and interest of $5,591.	**$ 459,301**	$ 496,054
6.45% Newfoundland and Labrador Housing Corporation mortgage, amortized to July 1, 2020, repayable in equal monthly instalments of principal and interest of $1,293.	**162,575**	167,562
	621,876	663,616
Less: current portion	**44,387**	41,740
	$ 577,489	$ 621,876

Principal repayments in each of the next five years are due as follows:
2004 - $44,387; 2005 - $47,353; 2006 - $50,440; 2007 - $53,727; and 2008 - $57,019.

Revenue other - includes a mortgage subsidy from Newfoundland and Labrador Housing Corporation (NLHC) in the amount of $7,009 related to the above NLHC mortgage.

St. John's Regional Health and Community Services Board – Operating Fund

Notes to the Financial Statements

March 31, 2003

7. Deferred government capital assistance

Deferred contributions related to capital assets represent contributed capital assets and restricted contributions for the acquisition of capital assets. The changes in the deferred contributions balance for the year are as follows:

	2003	2002
Balance, beginning of year	**$ 227,593**	$ 237,611
Add: Capital contributions from Provincial Plan	**225,407**	64,029
Less: Amounts amortized to revenue	**(121,109)**	(74,047)
Balance, end of year	**$ 331,891**	$ 227,593

8. **Net assets invested in capital assets**	2003	2002
Capital assets	**$ 1,286,919**	$ 1,179,443
Amounts financed by:		
Long term debt	**(621,875)**	(663,616)
Deferred government capital assistance	**(331,891)**	(227,593)
	$ 333,153	$ 288,234

9. **Supplemental cash flow information**	2003	2002
Change in non-cash operating working capital		
Receivables	**$ (1,198,464)**	$ 473,152
Prepaids	**201,200**	(106,284)
Payables and accruals	**406,445**	2,048,530
Advance for Breast Screening Project	**774,250**	(227,429)
Vacation pay payable	**131,158**	150,924
Deferred revenue	**(1,860,596)**	970,779
	$ (1,546,007)	$ 3,309,672
Interest paid	**$ 40,868**	$ 43,387

10. Commitments

The organization is committed to minimum annual rentals under lease agreements for office space and equipment as follows:

2004	$ 1,265,523
2005	1,236,331
2006	1,052,234
2007	471,137
2008	334,619

11. Subsequent event

The Board has secured funding in the amount of $500,000 to complete leasehold improvements relating to Building 532 in Pleasantville during the 2003 - 2004 fiscal year. The Department of Health and Community Services has approved the borrowing of the funds.

12. Comparative figures

Certain of the comparative figures for 2002 have been reclassified to conform with the financial statement presentation adopted for 2003.

13. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

THE JOHN CABOT (1997) 500TH
ANNIVERSARY CORPORATION
FINANCIAL STATEMENTS
17 FEBRUARY 2003

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
The John Cabot (1997) 500th
Anniversary Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of The John Cabot (1997) 500th Anniversary Corporation as at 17 February 2003 and the statement of revenue, expenditure and shareholders' equity for the period then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 17 February 2003 and the results of its operations for the period then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
19 June 2003

THE JOHN CABOT (1997) 500TH ANNIVERSARY CORPORATION

BALANCE SHEET

17 FEBRUARY 2003

(with comparative figures as at 31 March 2002)

	2003	2002
ASSETS		
Current		
Accounts receivable	$ -	$ 538
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ -	$ 5,814
Shareholders' equity		
Deficit	-	(5,276)
	$ -	$ 538

See accompanying notes

Signed on behalf of the Corporation: ______________ Chairperson ______________ Member

THE JOHN CABOT (1997) 500TH ANNIVERSARY CORPORATION

STATEMENT OF REVENUE, EXPENDITURE AND SHAREHOLDERS' EQUITY

FOR THE PERIOD ENDED 17 FEBRUARY 2003
(with comparative figures for the year ended 31 March 2002)

	2003	2002
REVENUE	$ -	$ -
EXPENDITURE	-	-
Excess of revenue over expenditure	-	-
Deficit, beginning of period	(5,276)	(5,276)
Adjustment to opening equity (Note 2)	5,276	-
Deficit, end of period	$ -	$(5,276)

See accompanying notes

THE JOHN CABOT (1997) 500TH ANNIVERSARY CORPORATION

NOTES TO FINANCIAL STATEMENTS

17 FEBRUARY 2003

Authority

The John Cabot (1997) 500th Anniversary Corporation (the Corporation) was incorporated under the *Corporations Act* on 22 May 1992. The Corporation's mandate was to plan, organize and oversee events to mark the significance of the 500th anniversary of the voyage of John Cabot to Newfoundland and Labrador. This mandate has been completed and the Corporation was dissolved on 17 February 2003. As a result, these financial statements represent the Corporation's final financial position and results of operations for the period then ended.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles.

2. Equity adjustment

During the year it was determined that the Corporation would not be liable for prior years' expenditures, reflected in its financial statement as at 31 March 2002 as accounts payable and accrued liabilities, nor would it be realizing accounts receivable for HST recoveries recognized as of that date. These amounts have been paid for and recovered by the Special Celebrations Corporation of Newfoundland and Labrador, Inc. which had been assisting in the wind up of the Corporation. The Special Celebrations Corporation will not be seeking reimbursement for the related payments, nor will it be forwarding HST recoveries it has received. As these amounts pertain to financial activities of prior periods they have been recorded as an adjustment to opening equity.

3. Income taxes

The Corporation is a Crown corporation of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

VISTA SCHOOL DISTRICT

Financial Statements / Auditor's Report

June 30, 2002

AUDITOR'S REPORT

To the members of the **VISTA SCHOOL DISTRICT**:

I have audited the balance sheet of the current and capital funds of the **VISTA SCHOOL DISTRICT** as at June 30, 2002, and the related statements of current revenue, expenditures and District equity, cash flow and capital fund position for the year then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraphs, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As at balance sheet date, the District had recorded receivables from the Department of Education. Certain of these amounts totaling $135,852 were calculated by the District based on two specific events during the past year. As at report date, the Department has yet to make a decision as to whether these amounts will be paid and has been unable and unwilling to confirm the existence of these receivables. Accordingly I was not able to determine whether any adjustments might be necessary to accounts receivable, revenue and excess of revenue over expenditure.

Note 1c) indicates that the District is not depreciating, but rather reflecting at cost, property and equipment acquired. The District contends that recording of depreciation would be difficult and costly and that the cost would exceed the benefit of the information provided. In this regard, the financial statements are not in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The amount of depreciation that would be provided if Canadian generally accepted accounting principles were followed is not reasonably determined.

In my opinion, except for the effects noted in the two previous paragraphs, these financial statements present fairly, in all material respects, the financial position of the District as at June 30, 2002, and the results of its operations and the changes in its fund position for the year then ended in accordance with Canadian generally accepted accounting principles except as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.

Clarenville, Newfoundland
September 19, 2002

CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT

Balance Sheet

June 30, 2002

	2002	2001
Assets		
Current Assets:		
Cash (Supp. Info. 1)	$ 107	302
Short Term Investments (Supp. Info. 2)	-	-
Accounts Receivable (Note 2)	509,891	590,741
Prepaid Expenses (Supp. Info. 5)	31,853	27,264
Total Current Assets	541,851	618,307
Propery and Equipment (Schedule 8)	47,174,705	39,823,849
	$ 47,716,556	40,442,156
Liabilities and District Equity		
Current Liabilities:		
Bank Indebtedness (Note 3)	$ 389,938	184,459
Accounts Payable and Accrued (Note 4)	5,091,753	4,895,096
Current Maturities (Schedule 9B)	97,806	162,656
Total Current Liabilities	5,579,497	5,242,211
Long-Term Debt (Schedule 9)	692,648	1,184,137
District Equity:		
Investment In Capital Assets (Note 6)	46,362,965	38,906,095
District Equity (Deficit)	(4,918,554)	(4,890,287)
Total District Equity	41,444,411	34,015,808
	$ 47,716,556	40,442,156

See Accompanying Notes

Approved: Violet Parsons Chairperson

Rick Martin Secretary

VISTA SCHOOL DISTRICT

Statement of Current Revenues, Expenditures and District Equity

Year ended June 30, 2002

	2002	2001
Current Revenues (Schedule 1)		
Provincial Government Grants	28,721,004	27,291,693
Donations	-	494
Ancillary Services	-	51
Miscellaneous	32,721	152,645
	28,753,725	27,444,883
Current Expenditures		
Administration (Schedule 2)	1,031,465	986,395
Instruction (Schedule 3)	23,470,580	21,733,726
Operations and Maintenance (Schedule 4)	2,336,150	2,409,819
Pupil Transportation (Schedule 5)	1,741,103	1,862,369
Ancillary Services (Schedule 6)	-	-
Interest Expense (Schedule 9C)	68,939	101,026
Miscellaneous Expense (Schedule 7)	-	-
Provision for Doubtful Receivables	-	7,711
	28,648,237	27,101,046
23 111 Excess of Revenue over Expenditures (Expenditures over Revenue)	105,488	343,837
Transfer to (from) Capital	133,755	86,499
Net Increase (Decrease) in Board Equity	(28,267)	257,338
District Equity (Deficit):		
Beginning of year:		
As previously reported	(4,890,287)	(5,467,907)
Prior period adjustments (Note 8d)	-	320,282
As restated	(4,890,287)	(5,147,625)
End of year	$ (4,918,554)	(4,890,287)

See Accompanying Notes

VISTA SCHOOL DISTRICT

Statement of Changes in Cash Flows

Year ended June 30,2002

			2002	2001
60	**Operating Activities**			
	011	Excess of Revenues over Expenditures (Expenditures over Revenue)	$ 105,488	343,837
	012	Changes in Non-Cash Working Capital	-	-
	013	- Short-Term Investments	-	-
	014	- Accounts Receivable	80,850	137,450
	015	- Prepaid Expenses	(4,589)	89,016
	016	- Accounts Payable and Accrued Expenses	196,659	(267,384)
	017	- Current Maturities	-	-
	018	- Other	-	-
			378,408	302,919
61	**Financing Activities**			
	011	Proceeds from Bank Loans	-	563,616
	012	Grants - Capital	9,821,653	29,151
	013	Other Capital Revenues	-	-
	014	Changes in Long-Term Debt	(524,333)	(77,236)
	015	Other	-	-
			9,297,320	515,531
62	**Investing Activities**			
	011	Proceeds from Sale of Property and Equipment	193,780	-
	012	Additions to Property and Equipment	(10,075,182)	(118,204)
	013	Other	-	-
			(9,881,402)	(118,204)
63	Increase (decrease) in Cash		(205,674)	700,246
64	Cash, beginning of year		(184,157)	(884,403)
65	Cash, end of year		$ (389,831)	(184,157)

See Accompanying Notes

VISTA SCHOOL DISTRICT

Statement of Changes in Capital Fund

Year ended June 30, 2002

		2002	2001
70	Capital Receipts		
71	**Proceeds from Bank Loans**		
	011 - School Construction	$ -	-
	012 - Equipment	-	-
	013 - Service Vehicles	-	-
	014 - Pupil Transportation	-	75,050
	015 - Other	-	-
		-	75,050
72	**EIC Grants**		
	011 - School Construction and Equipment	9,821,653	29,151
	012 - Other	-	-
		9,821,653	29,151
73	**Donations**		
	011 - Cash Receipts	-	-
	012 - Non-Cash Receipts	-	-
	013 - Restricted Use	-	-
		-	-
74	**Sale of Capital Assets - Proceeds**		
	011 - Land	-	-
	012 - Buildings	193,780	-
	013 - Equipment	-	-
	014 - Service Vehicles	-	-
	015 - Pupil Transportation Vehicles	-	-
	016 - Other	-	-
		193,780	-
75	**Other Capital Revenues**		
	011 - Interest on Capital Fund Investments	-	-
	012 - Premiums on Debentures	-	-
	013 - Recoveries of Expenditures	-	-
	015 - Insurance Proceeds	-	-
	016 - Native Peoples Grants	-	-
	017 - Miscellaneous	-	-
	018 - Other - Loan Proceeds Receivable	-	-
		-	-
Total	**Capital Receipts**	10,015,433	104,201
77	Transfer from Reserve Account	-	-
78	Transfer from (to) Current Fund	133,755	86,499
Total		$10,149,188	190,700

See Accompanying Notes

VISTA SCHOOL DISTRICT

Statement of Changes in Capital Fund (Cont'd)

Year ended June 30, 2002

		2002	2001
80	**Capital Disbursements**		
81	Additions to Property and Equipment		
	011 - Land and Sites	$ -	-
	012 - Buildings	9,799,665	2,018
	013 - Furniture and Equipment - Schools	235,942	1,713
	014 - Furniture and Equipment - Other	17,717	8,629
	015 - Service Vehicles	-	-
	016 - Pupil Transportation	-	76,692
	017 - Other	21,858	39,262
		10,075,182	118,224
82	Principal Repayment of Long Term Debt		
	011 - School Construction	58,839	54,853
	012 - Equipment	-	-
	013 - Service Vehicles	15,167	17,643
	014 - Other	-	-
		74,006	72,496
83	Miscellaneous Disbursements		
	013 - Other	-	-
	Total Capital Disbursements	$10,149,188	190,720

See Accompanying Notes

VISTA SCHOOL DISTRICT

Notes to the Financial Statements

Year ended June 30, 2002

1. **Significant Accounting Policies:**

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "Accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

(a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues. Also amounts paid to construction companies from the EIC on behalf of the District for capital projects are treated as capital revenues.

(b) Fixed asset additions are recorded at full cost in the capital fund.

(c) The District does not calculate or record depreciation on any of its fixed assets.

(d) Principal repayment of pupil transportation loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

During 1998, the District received a directive from the Department instructing it to record accrued teachers' severance leave in the financial statements. As this amount is included without any offsetting revenue amount, it violates the matching principle, a fundamental of Canadian generally accepted accounting principles.

VISTA SCHOOL DISTRICT

Notes to the Financial Statements

Year ended June 30, 2002

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2. Accounts Receivable:

			2002	2001
		Current		
11	131	Provincial Government Grants	$ 276,328	399,899
	132	Transportation	19,571	27,762
	133	Federal Government - Harmonized Sales Tax	99,283	89,789
		- Other	1,173	6,400
	136	Other School Districts	-	-
	137	Rent	-	-
	138	Interest	-	-
	139	Travel Advances and Miscellaneous	22,777	13,356
		Municipal Grant - Winter Games Complex	-	-
			419,132	537,206
		Capital		
11	231	EIC - Construction Grants	90,759	53,535
	233	Local Contributions	-	-
	234	Other School Districts	-	-
	235	Other - Supplier Credit	-	-
		- Bank Loan Proceeds	-	-
		- Allowance For Doubtful Accounts	-	-
			90,759	53,535
			$ 509,891	590,741

3. Bank Indebtedness:

			2002	2001
21	131	On Operating Credit	$ -	-
	132	On Capital Account	-	-
		On Current Account		
		- General	389,938	124,459
		- Teachers' Payroll	-	-
		- Temporary Bank Loan	-	60,000
			$ 389,938	184,459

VISTA SCHOOL DISTRICT

Notes to the Financial Statements

Year ended June 30, 2002

4. **Accounts Payable and Accrued:**

			2002	2001
		Current		
21	111	Trade Payable	$ 36,129	27,758
	112	Accrued - Liabilities	22,613	5,700
	113	- Interest	-	-
	114	- Wages	-	7,806
		- Severance Pay (Note 8(a))	400,711	352,580
		- Severance Pay (Note 1)	4,479,808	4,277,268
		- Vacation Pay (Note 8(a))	99,897	95,368
	115	Payroll Deductions	963	758
	116	Retail Sales Tax	-	-
	117	Deferred Grants	51,632	116,766
	118	Other	-	-
			5,091,753	4,884,004
		Capital		
21	211	Trade Payable	-	11,092
	212	Accrued - Liabilities	-	-
	213	- Interest	-	-
	217	Deferred Grants	-	-
	218	Other	-	-
			-	11,092
			$ 5,091,753	4,895,096

5. **Reserve Account**

Current

There were no current reserves provided for in the years ended June 30, 2001 or 2002.

Capital

There were no capital reserves provided for in the years ended June 30, 2001 or 2002.

VISTA SCHOOL DISTRICT

Notes to the Financial Statements

Year ended June 30, 2002

---

6. Investment in Capital Assets:

	2002	2001
Beginning of Year (Note 8(c)):		
As previously stated	$ 38,906,094	38,812,666
Prior period adjustment (Note 8d)	-	(49,537)
As restated	38,906,094	38,763,129
Add :		
Transfer of Operating Funds to Capital Fund	133,758	86,499
Grants-EIC-Contribution for Capital Construction and Equipment	9,821,653	29,151
Capital Projects funded by EIC but paid directly to other sources on behalf of District	-	-
Donations	-	-
Proceeds from Sale of Property and Equipment		
- Land	-	-
- Buildings	193,780	-
- Equipment	-	-
- Vehicles	-	-
- Other - Busses	-	-
Interest on Capital Fund Investments	-	-
Recoveries of Expenditures	-	-
Insurance Proceeds - Capital	-	-
Native Peoples Grants - Capital	-	-
Principal Payment of Bussing Loans	32,006	27,316
	49,087,291	38,906,095
Deduct Adjustments:		
Cost of Assets Sold - Land	-	-
- Buildings	2,724,326	-
- Equipment	-	-
- Vehicles	-	-
- Other - Busses	-	-
	2,724,326	-
23 221 Investment in Capital Assets, End of Year	$ 46,362,965	38,906,095

7 **Commitments:**

At balance sheet date the District had the following commitments:

Lease of office and school equipment for the following which are accounted for as operating leases:

- One postage meter/mail processor with annual lease payments of $ 3,871; matures 2005
- Seven telephone systems with monthly lease payments of $ 462; matures 2003.
- One telephone system with monthly lease payments of $ 223; matures 2005.
- One telephone system with monthly lease payments of $ 93; matures 2005.
- One telephone system with monthly lease payments of $ 358; matures 2004.
- Eight photocopiers with quarterly lease payments of $ 4,182; matures 2007.
- One photocopier with quarterly lease payments of $ 825; matures 2005.
- One photocopier with annual lease payments of $ 2,172; matures 2005.
- One photocopier with annual lease payments of $ 2,172; matures 2006.
- One photocopier with annual lease payments of $ 3,300; matures 2006.
- One photocopier with quarterly lease payments of $ 543; matures 2005.
- One photocopier with quarterly lease payments of $ 594; matures 2007.
- One photocopier with annual lease payments of $ 2,172; matures 2005.
- One photocopier with annual lease payments of $ 2,172; matures 2005.
- One photocopier with annual lease payments of $ 1,533; matures 2005.

8. **Other:**

(a) Accrued Severance and Vacation Pay:

In August 1994, the Department of Education issued an accounting directive requiring all Districts to calculate and disclose in the financial statements the accrual of severance and vacation pay for Board employees.

(i) Accrued Severance Pay:

During the year an additional amount of $ 67,658 was accrued as follows:

Administration	$ 12,963
Secretarial	13,493
Maintenance	5,522
Janitorial	32,411
Pupil Transportation	3,040
Computer Technicians	229

Severance paid to employees during the year ended June 30, 2002 were as follows:

Secretarial	$ 8,219
Maintenance	8,622
Janitorial	4,186
Pupil Transportation	5,745

The District also has recorded an account receivable from the Department of Education to offset the accrued severance liability recorded for pupil transportation employees. This decision was based on the policy of the Department to give the Board budget adjustments for bussing severance payments. An additional amount of $ 3,040 has been recorded as an account receivable for the 2002 accrual.

(ii) Accrued Vacation Pay:

All vacation pay earned during the period is included in the applicable wage expense.

b) Bond Coverage:

At balance sheet date, the Insurance Division of Treasury Board carried fidelity bond coverage covering District employees as follows:

Assistant Director of Finance and Administration and District Employees	$ 100,000
Principals, Vice Principals and Staff	100,000

Based on our evaluation of the system of internal control and our overall knowledge of the District's operations, it is our opinion that this coverage is adequate.

8. **Other (continued):**

(c) Opening balances:

Opening balances as of January 1, 1997 are comprised of amounts transferred from predecessor Boards.

(d) Prior period adjustments:

During the prior year, prior period adjustments were recorded as follows:

Current:

(i)	To capitalize interest on new loan previously expensed.	$ 33,498
(ii)	To record District's commitment to construction of a new school.	(11,092)
(iii)	To record miscellaneous grant revenues:	
	Distance Education	20,720
	Energy Management Demonstration Project	7,277
	Support staff salaries	64,800
	School utilities	50,000
	Secretarial reclassifications	9,710
	Gym rental	27,000
	Review of operations	112,100
	Bussing travel	6,269

Capital:

The construction cost of a new school and the related capital grant were overstated by $49,537.

Comparative figures were restated to report the effect of these adjustments.

VISTA SCHOOL DISTRICT

Schedule 1.

Current Revenues

Year ended June 30, 2002

		Current Revenues	2002	2001
32	010	**Provincial government Grants**		
	011	Regular Operating Grants	$ 4,209,681	4,151,343
	016	Special Grants (Details on bottom of Schedule 1)	50,272	119,568
		Salaries and Benefits		
	017	- Directors and Asst. Directors	378,386	320,711
	021	- Regular Teachers	17,651,284	16,584,298
	022	- Substitute Teachers	661,071	548,441
	023	- Benefits and Payroll Costs	3,657,479	3,328,571
		- Student Assistants	345,270	348,626
	030	Pupil Transportation		
	031	- Board Owned	186,317	197,618
	032	- Contracted	1,400,525	1,503,533
	033	- Handicapped	153,219	161,499
		- Administration	27,500	27,500
			28,721,004	27,291,623
33	010	**Donations**		
	012	Cash Receipts	-	-
	013	Non-Cash Receipts	-	-
	014	Restricted Use	-	434
			-	434
34	010	**Ancillary Services**		
	011	Revenues from Rental of Residences	-	-
	021	Revenues from Rental of Schools and Facilities (Net)	-	51
	031	Cafeterias	-	-
	032	Other	-	-
			-	51

Continued...

VISTA SCHOOL DISTRICT

Schedule 1.
(Continued)

Current Revenues

Year ended June 30, 2002

			2002	2001
35	010	**Miscellaneous**		
	011	Interest on investments	$ 18,065	3,872
	012	Bus Charters	-	-
	021	Recoveries of Expenditures	2,242	1,430
	031	Revenues from Other School Districts	-	-
	051	Insurance Proceeds	-	116,661
	061	Bilingual Education Revenue	-	-
	071	Operating Revenue from Native Peoples Grant	-	-
	081	Miscellaneous Federal Grants	1,664	-
	091	Textbooks	-	-
	092	Sundry	5,550	1,494
	093	Grant - Redas Project	1,600	19,200
		- MUN	3,600	9,988
			32,721	152,645
		Total Current Revenues	$ 28,753,725	27,444,883

Special Grants

	2002	2001
French Monitor	$ 7,173	10,194
French Co-ordinator	15,658	-
French Immersion	-	-
French Materials	530	9,856
School Board Election Grant	-	-
Alternate Text	-	-
Textbook Credit Allocation	9,098	-
School Tax Equalization	-	-
Other - Negotiations	-	5,951
- Severance/Vacation - Assistant Director	-	46,918
- Wage Subsidy Programs	2,010	-
- Tutoring For Tuition	6,419	1,001
- Textbook Rebate	6,513	5,070
- Early Literacy Initiative	-	11,401
- First Step Training	2,871	2,241
- Gym Rental	-	15,000
- Square Footage Change	-	5,713
- Distance Education	-	6,223
	$ 50,272	119,568

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 2.

Administration Expenditures

Year ended June 30, 2002

			2002	2001
51		**Salaries and Benefits**		
	011	- Directors and Assistant Directors	$ 378,386	320,701
	012	- District Office Personnel	385,920	351,066
	013	Office Supplies	15,196	13,215
	014	Replacement Furniture and Equipment	8,130	2,081
	015	Postage	10,477	8,125
	016	Telephone	18,341	23,908
	017	Office Equipment Rentals and Repairs	35,816	32,922
	018	Bank Charges	5,585	5,082
	019	Electricity	7,539	7,473
	021	Fuel	-	-
	022	Insurance	1,800	1,704
	023	Repairs and Maintenance (Office Building)	4,241	529
	024	Travel	46,472	30,165
	025	Board Meeting Expenses	7,514	11,961
	026	Election Expenses	10,556	-
	027	Professional Fees	25,688	106,638
	028	Advertising	8,413	24,879
	029	Membership Dues	23,209	23,828
	031	Municipal Service Fees	1,688	1,556
	032	Rental of Office Space	-	-
	033	Relocation Expenses	-	-
	034	Miscellaneous	5,590	4,170
	035	Payroll Tax	4,737	4,574
	036	Negotiations	13,204	7,934
	037	Severance Pay (Note 8(a))	12,963	3,884
		Total Administration Expenditures	$ 1,031,465	986,395

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 3.

Instruction Expenditures

Year ended June 30, 2002

			2002	2001
52	010	**Instructional Salaries** (Gross)		
	011	Teachers' Salaries - Regular	$ 17,651,284	16,584,298
	012	- Substitute	637,940	514,096
	013	- District Paid	-	-
	014	Augmentation	-	-
	015	Employee Benefits	3,479,647	2,963,610
	016	School Secretaries - Salaries and Benefits	347,168	412,524
	017	Payroll Tax	384,397	360,096
	018	Other - Severance Pay (Note 8(a))	13,493	19,714
		Student Assistant - Wages and Benefits	324,426	305,707
			22,838,355	21,160,045
52	040	**Instructional Materials**		
	041	General Supplies	92,115	79,643
	042	Library Resource Materials	18,006	21,423
	043	Teaching Aids	35,522	46,603
	044	Textbooks	-	-
			145,643	147,669
52	060	**Instructional Furniture and Equipment**		
	061	Replacement	117,660	28,061
	062	Rentals and Repairs	94,510	115,580
	063	Salary and Benfits - Computer Technicians	108,093	105,426
			320,263	249,067
52	080	**Instructional Staff Travel**		
	081	Program Co-ordinators	39,009	38,298
	082	Teachers' Travel	2,732	3,843
	083	Inservice and Conferences	37,012	20,448
			78,753	62,589
52	090	**Other Instructional Costs**		
	091	Postage and Stationery	1,256	947
	092	Miscellaneous	45,794	35,245
		Funded Projects - Federal	1,974	2,415
		- Other	29,758	64,848
		Salary and Benefits - Resource Centre	8,784	10,901
			87,566	114,356
		Total Instruction Expenditures	$ 23,470,580	21,733,726

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 4.

Operations and Maintenance Expenditures - Schools

Year ended June 30, 2002

				2002	2001
53	011	Salaries and Benefits - Janitorial	$	876,077	919,430
	012	- Maintenance		209,461	192,531
	013	Payroll Tax		13,423	14,155
	014	Electricity		632,325	585,402
	015	Fuel		48,346	105,359
	016	Municipal Service Fee		37,412	25,822
	017	Telephone		102,952	135,932
	018	Vehicle Operating and Travel		20,457	23,302
	019	Janitorial Supplies		64,349	49,967
	021	Janitorial Equipment		-	-
	022	Repairs and Maintenance - Buildings		195,403	224,715
	023	- Equipment		627	2,144
	024	Contracted Services - Janitorial		1,632	19,816
	025	Snow Clearing		75,431	139,673
	026	Rentals		-	-
	027	Severance Pay - Janitorial (Note 8(a))		32,411	8,769
		- Maintenance (Note 8(a))		5,522	1,620
		Other - Snow Removal - Roofs		-	21,514
		- Energy Performance Contract		19,592	19,208
		- Bottled Water		730	740
		Total Operations and Maintenance		$ 2,336,150	2,409,819

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 5.

Pupil Transportation Expenditures

Year ended June 30, 2002

			2002	2001
54	010	**Operation and Maintenance of Board Owned Fleet**		
	011	Salaries and Benefits - Administration	$ -	-
	012	- Drivers and Mechanics	91,979	102,161
	013	Payroll Tax	1,094	1,280
	014	Debt Repayment - Interest	10,900	14,856
	015	- Principal	32,006	27,316
	016	Bank Charges	-	-
	017	Gas and Oil	25,777	28,529
	018	Licences	2,842	2,842
	019	Insurance	1,514	1,224
	021	Repairs and Maintenance - Fleet	15,134	13,336
	022	- Building	-	-
	023	Tires and Tubes	-	-
	024	Heat and Light	-	-
	025	Municipal Service	-	-
	026	Snow Clearing	276	618
	027	Office Supplies	-	-
	028	Rent	-	-
	029	Travel	-	2,192
	031	Professional Fees	1,047	992
	032	Miscellaneous	1,214	-
	033	Telephone	542	786
	034	Severance Pay (Note 8(a))	3,040	1,203
			187,365	197,335
54	040	**Contracted Services**		
	041	Regular Transportation	1,400,519	1,503,535
	042	Handicapped	153,219	161,499
			1,553,738	1,665,034
		Total Pupil Transportation Expenditures	$ 1,741,103	1,862,369

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 6.

Ancillary Services and Miscellaneous Expenses

Year ended June 30, 2002

Ancillary Services

The District owns and operates the following ancillary services:

None

			2002	2001
55		**Ancillary Services**		
	011	Operation of Teachers' Residences	$ -	-
	031	Cafeterias	-	-
	032	Other	-	-
			$ -	-

Schedule 7.

Miscellaneous Expenses

The District has incurred the following miscellaneous expenses:

None

			2002	2001
57	011	**Miscellaneous Expense**	$ -	-

Schedule 8.

VISTA SCHOOL DISTRICT

Details of Property and Equipment

Year ended June 30, 2002

			2001	Additions	Disposals	2002
12	210	**Land and Sites**				
	211	Land and Sites	$ 30,557	-	-	30,557
12	220	**Buildings**				
	221	Schools	34,760,867	9,749,817	2,724,326	41,786,358
	222	Administration	280,098	49,848	-	329,946
	223	Residential	-	-	-	-
	224	Recreational	-	-	-	-
	225	Other	-	-	-	-
			35,040,965	9,799,665	2,724,326	42,116,304
12	230	**Furniture and Equipment**				
	231	Schools	3,764,938	235,942	-	4,000,880
	232	Administration	399,693	17,717	-	417,410
	233	Residential	-	-	-	-
	234	Recreation	-	-	-	-
	235	Other	-	-	-	-
			4,164,631	253,659	-	4,418,290
12	240	**Vehicles**				
	241	Service Vehicles	73,906	-	-	73,906
12	250	**Pupil Transportation**				
	251	Land	-	-	-	-
	252	Building	-	-	-	-
	253	Vehicles				
		- Buses	370,708	-	-	370,708
	254	- Service	-	-	-	-
	255	Equipment	-	-	-	-
	256	Other	-	-	-	-
			370,708	-	-	370,708
12	260	**Misc. Capital Assets**				
	261	Other				
		- Water lines	29,151	-	-	29,151
		- Resource Centre	113,931	21,858	-	135,789
			143,082	21,858	-	164,940
	Total Property and Equipment		$ 39,823,849	10,075,182	2,724,326	47,174,705

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 9.

Details of Long-Term Debt

Year ended June 30, 2002

Bank loans, mortgages and debentures, approved by the District and the Government of Newfoundland and Labrador.

22 210 **Loans Other than Pupil Transportation**

Ref. #		2002	2001
211	**Bank Loans**		
2211	Repayable $ 7,768 monthly including interest, maturing 2009	503,870	552,709
2229	Repayable $ 883 monthly, maturing 2007	66,719	76,719
2225	Repayable $ 637 monthly matured 2002	-	5,167
2224	Repayable $ 833 monthly maturing 2003	2,500	12,500
2226	Repayable $ 4,740 monthly, repaid during year	-	450,327
	Total 211	573,089	1,097,422
212	**Mortgages**	-	-
213	**Debentures**	-	-
214	**Other**	-	-
	Subtotal	573,089	1,097,422
215	Less: Current Maturities	65,800	130,650
	Total Loans Other Than Pupil Transportation	507,289	966,772

Continued...

VISTA SCHOOL DISTRICT

Schedule 9.
(Continued

Details of Long-Term Debt

Year ended June 30, 2002

			2002	2001
22	220	Loans - Pupil Transportation		
	Ref. #			
	221	**Vehicle Bank Loans**		
	2222	Repayable $ 1,625 monthly maturing 2007	91,904	111,404
	2223	Repayable $ 521 monthly maturing 2011	58,229	64,481
	2218	Repayable $521 monthly maturing 2013	67,232	73,486
		Total 221	217,365	249,371
	222	**Land, Buildings, and Equipment Bank Loans**	-	-
		Subtotal	217,365	249,371
	223	Less: Current Maturities	32,006	32,006
		Total Loans - Pupil Transportation	185,359	217,365
	Total Long-Term Debt		$ 692,648	1,184,137

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 9A.

Summary of Long-Term Debt

Year ended June 30, 2002

Description	Ref #	Rate	Balance Beginning of Year (Note 8(e))	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
A) School Construction						
	2211	8.5	$ 552,709	-	48,839	503,870
	2229	Prime	76,719	-	10,000	66,719
B) Equipment			-	-	-	-
C) Service Vehicles	2224	Prime	12,500	-	10,000	2,500
	2225	Prime	5,167	-	5,167	-
D) Other	2226	Prime	450,327	-	450,327	-
E) Pupil Transportation						
	2218	Prime	73,486	-	6,254	67,232
	2222	Prime	111,404	-	19,500	91,904
	2223	Prime	64,481	-	6,252	58,229
Total Loans			$ 1,346,793	-	556,339	790,454

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 9B.

Schedule of Current Maturities

Year ended June 30, 2002

Description	Ref #	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction						
	2211	$ 53,300	58,000	63,200	68,800	74,800
	2229	10,000	10,000	10,000	10,000	10,000
B) Equipment		-	-	-	-	-
C) Service Vehicles	2224	2,500	-	-	-	-
D) Other	2226	-	-	-	-	-
		65,800	68,000	73,200	78,800	84,800
E) Pupil Transportation						
	2218	6,254	6,254	6,254	6,254	6,254
	2222	19,500	19,500	19,500	19,500	13,904
	2223	6,252	6,252	6,252	6,252	6,252
		32,006	32,006	32,006	32,006	26,410
Total		$ 97,806	100,006	105,206	110,806	111,210

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 9C.

Schedule of Interest Expense

Year ended June 30, 2002

			2002	2001
56	010	Description		
	012	**Capital**		
		School Construction	$ 48,155	53,542
		Equipment	-	-
		Service Vehicles	270	1,958
		Other	19,302	2,748
		Total Capital	67,727	58,248
	013	**Current**		
		Operating Loans	1,212	42,778
		Supplier Interest Charges	-	-
		Total Current	1,212	42,778
		Total Interest Expense	$ 68,939	101,026

See Accompanying Notes

VISTA SCHOOL DISTRICT

Supplementary Information

Year ended June 30, 2002

1. Cash

			2002	2001
		Current		
11	110	Cash on Hand and in Bank		
	111	Cash on Hand	$ 107	302
	112	Bank - Current	-	-
	113	- Savings	-	-
	114	- Teachers' Payroll	-	-
	115	- Non-Teachers' Payroll	-	-
	116	- Coupon (Debenture)	-	-
	117	- Other	-	-
		Capital		
11	210	Cash on Hand and in Bank		
	211	Cash on Hand	-	-
	212	Bank - Current	-	-
	213	- Savings	-	-
	214	- Other	-	-
		Total Cash on Hand and in Bank	$ 107	302

The District uses one bank account for both current operating and capital purposes.

2. Short Term Investments

			2002	2001
		Current		
11	121	Term Deposits	$ -	-
	122	Canada Savings Bonds	-	-
	123	Other	-	-
		Capital		
11	221	Term Deposits	-	-
	222	Canada Savings Bonds	-	-
	223	Other	-	-
		Total Short Term Investments	$ -	-

VISTA SCHOOL DISTRICT

Supplementary Information

Year ended June 30, 2002

			2002	2001
3		**Prepaid Expenses**		
		Current		
11	141	Insurance	$ -	-
	142	Municipal Service Fees	-	-
	143	Supplies	31,953	27,264
	144	Other	-	-
		Capital		
11	241	Other	-	-
			$ 31,953	27,264

Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Western Health Care Corporation - Operating Fund Financial Statements

March 31, 2003

Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Auditors' Report

To the Members of the Board of
Western Health Care Corporation

We have audited the balance sheet of Western Health Care Corporation - Operating Fund as at March 31, 2003, and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP
Chartered Accountants

Corner Brook, Newfoundland
June 17, 2003

P.O.Box 356
49-51 Park Street
Corner Brook
Newfoundland
A2H 6E3
Tel (709) 634-4382
Fax (709) 634-9158

Western Health Care Corporation
Operating Fund
Balance Sheet

March 31	2003	2002
Assets		
Current		
Cash and cash equivalents	$ 167,103	$ 6,991
Receivables (Note 3)	6,837,761	8,626,066
Inventory	2,544,060	2,232,224
Prepaid expenses	2,890,840	3,400,746
Due from Health and Community Services Western	1,567,829	385,266
	14,007,593	14,651,293
Due from associated funds (Note 4)	2,397,725	2,218,121
Capital assets (Note 5)	37,516,083	30,829,517
Trust funds on deposit	441,097	420,186
	$ 54,362,498	$ 48,119,117
Liabilities		
Current		
Bank indebtedness	$ 12,354,365	$ 17,845,868
Payables and accruals (Note 7)	16,273,698	11,864,647
Deferred contributions – operating	665,466	430,971
Deferred contributions - capital	8,164,191	7;477,763
Vacation pay accrual	4,423,795	4,265,959
Current portion of severance pay accrual	800,000	800,000
Current portion of long term debt (Note 8)	817,000	196,100
	43,498,515	42,881,308
Deferred contributions – unamortized portion of capital asset grants	29,749,501	27,979,338
Severance pay accrual	16,852,792	15,288,589
Trust funds payable	441,097	420,186
Long term debt (Note 8)	8,563,190	4,042,778
	99,105,095	90,612,199
Net Assets		
Net assets invested in capital assets	(2,161,484)	(1,936,574)
Unrestricted net assets	(42,581,113)	(40,556,508)
	(44,742,597)	(42,493,082)
	$ 54,362,498	$ 48,119,117

Contingencies and commitments (Note 11)

On behalf of the Board

Member

Member

See accompanying notes to the financial statements.

Western Health Care Corporation
Operating Fund
Statement of Changes in Net Assets

March 31	Operating	Capital	2003 Total	2002 Total
Balance, beginning of year	$ (40,556,508)	$ (1,936,574)	$ (42,493,082)	$ (40,015,177)
Excess of expenditures over revenue	(2,249,515)	-	(2,249,515)	(2,477,905)
Amortization of capital assets	3,507,116	(3,507,116)	-	-
Amortization of capital asset grants	(3,282,206)	3,282,206	-	-
Balance, end of year	$ (42,581,113)	$ (2,161,484)	$ (44,742,597)	$ (42,493,082)

See accompanying notes to the financial statements.

Western Health Care Corporation
Operating Fund
Statement of Operations

Year Ended March 31	2003	2002
Revenue		
Provincial plan revenue	**$ 123,361,134**	$ 110,482,342
Other	**28,275,507**	25,192,659
	151,636,641	135,675,001
Expenditures		
Administrative and support services	**46,019,526**	42,683,130
Nursing and medical services	**71,529,192**	63,003,639
Ambulatory care services	**11,774,993**	9,973,705
Diagnostic and therapeutic services	**17,298,208**	16,245,435
Educational services	**3,792,697**	2,994,355
General services	**1,524,591**	1,252,672
	151,939,207	136,152,936
Operating deficit before other items (Note 10)	**(302,566)**	(477,935)
Other items		
Increase in severance and vacation pay accrual	**1,722,039**	1,781,747
Amortization of capital assets	**3,507,116**	3,148,015
Amortization of capital asset grants	**(3,282,206)**	(2,929,792)
	1,946,949	1,999,970
Excess of expenditures over revenue	**$ (2,249,515)**	$ (2,477,905)

See accompanying notes to the financial statements.

Western Health Care Corporation
Operating Fund
Statement of Cash Flows

Year Ended March 31	2003	2002
Cash and cash equivalents – bank overdraft derived from (applied to)		
Operations		
Excess of expenditures over revenue	$ (2,249,515)	$ (2,477,905)
Increase in severance and vacation pay accrual	1,722,039	1,781,747
Amortization of capital assets	3,507,116	3,148,015
Amortization of capital assets – repayment of long term debt	443,279	171,359
Amortization of capital asset grants	(3,282,206)	(2,929,792)
	140,713	(306,576)
Changes in		
Receivables	1,788,305	(141,753)
Inventory	(311,836)	299,126
Prepaid expenses	509,906	(185,403)
Due from associated funds	(1,362,167)	784,241
Payables and accruals	4,643,546	8,292
	5,408,467	457,927
Financing		
Decrease in bank indebtedness	(5,491,503)	(373,900)
Capital contributions	5,738,797	5,802,158
Proceeds from long term debt	5,584,591	-
Repayment of long term debt	(443,279)	(171,359)
	5,388,606	5,256,899
Investing		
Purchase of capital assets	(10,636,961)	(5,617,660)
Net increase in cash and cash equivalents	160,112	97,166
Cash and cash equivalents (bank overdraft)		
Beginning of year	6,991	(90,175)
End of year	$ 167,103	$ 6,991

See accompanying notes to the financial statements.

1. Nature of operations

The Western Health Care Corporation ("the Corporation") was constituted under the Hospital's Act (Western Health Care Corporation) Constitution Order and is responsible for the management and control of the operations of acute and long term care facilities in the western region of the province of Newfoundland and Labrador. The Corporation assumed responsibility for these facilities effective January 1, 1996. The institutions are as follows:

Western Memorial Regional Hospital, including Western Linen Services
Bonne Bay Hospital Division
Dr. J. I. O'Connell Centre
Calder Health Care Centre
Rufus Guinchard Health Care Centre
Bay St. George Senior Citizens Home
Sir Thomas Roddick Hospital
Dr Charles L Legrow Health Centre
Interfaith Home for Senior Citizens

The Western Health Care Corporation is a registered charity and consequently is exempt under the Income Tax Act.

2. Summary of significant accounting policies

The financial statements of the Corporation have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Corporation are as follows:

Basis of presentation
The Corporation applies fund accounting principles as follows:

The Operating Fund contains the assets, liabilities, revenues and expenditures of the Corporation related to the provision of hospital services, which are funded by the Department of Health.

The Board of Trustees Fund contains special purpose assets and those which may be expended at the discretion of the Board. Revenue consists mainly of investment income and revenue not directly related to hospital operations. Expenditures of this fund consist of hospital operating expenditures not shared by government and those approved by the Board.

The Board of Trustees Fund financial statements are presented separately as well as included in the combined financial statements of the Board.

2. Summary of significant accounting policies (cont'd)

Inventory

Inventory is valued at average cost on a first-in, first-out basis.

Capital assets

The Corporation has control over certain assets for which title resides with the Government of Newfoundland and Labrador. These assets have not been recorded in the financial statements of the Corporation. Capital assets acquired after January 1, 1996 are recorded at cost. Assets are not amortized until placed in use. The assets in use are amortized on a declining balance basis at the following rates:

Land improvements	2 ½%
Buildings	6 ¼%
Equipment	15%
Equipment under capital lease	15%
Vehicles	20%

Capital and operating leases

A lease that transfers substantially all of the risks and rewards incidental to the ownership of property is accounted for as a capital lease. Assets acquired under capital lease result in a capital asset and an obligation being recorded equal to the lesser of the present value of the minimum lease payments and the property's fair value at the time of inception. All other leases are accounted for as operating leases and the related payments are expensed as incurred.

Severance and vacation pay liability

An accrued liability for severance and vacation pay is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of continuous service and no provision has been made for employees with less than nine years of service.

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred contributions - operating.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

2. Summary of significant accounting policies (cont'd)

Capital contributions expended are recorded as deferred contributions and amortized to income on a declining balance basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions expended for non-depreciable capital assets are recorded as direct increases in net assets. Non-expended capital contributions are deferred and are not amortized until expended.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

3. Receivables

	2003	2002
Memorial University of Newfoundland	$ -	$ 199,449
Province of Newfoundland		
Capital contributions	**1,600,000**	2,212,000
Provincial Plan	**728,738**	1,728,672
Special Funding	**44,644**	402,478
MCP	**967,645**	887,718
Patient services	**910,799**	901,249
Employees' pay and travel advances	**702,606**	778,345
Harmonized sales tax rebate	**362,772**	244,651
Other	**1,520,557**	1,271,504
	$ 6,837,761	$ 8,626,066

4. Due from associated funds

	2003	2002
Board of Trustees Fund	**$ 1,806,029**	$ 1,840,238
Cottages	**569,740**	350,035
Associated Foundations	**21,956**	27,848
	$ 2,397,725	$ 2,218,121

Amounts due from associated funds are non-interest bearing with no set terms of repayment.

Western Health Care Corporation
Operating Fund
Notes to the Financial Statements
March 31, 2003

5. Capital assets

2003

	Cost	Accumulated Depreciation	Net Book Value
Land	$ 289,971	$ -	$ 289,971
Equipment under capital lease	6,775,348	885,632	5,889,716
Buildings	26,911,736	12,300,407	14,611,329
Parking lot	287,300	139,613	147,687
Equipment	44,949,207	28,449,050	16,500,157
Motor vehicles	313,374	236,151	77,223
	$ 79,526,936	$ 42,010,853	$ 37,516,083

2002

	Cost	Accumulated Depreciation	Net Book Value
Land	$ 289,971	$ -	$ 289,971
Equipment under capital lease	621,070	389,296	231,774
Buildings	25,919,987	11,459,723	14,460,264
Parking lot	283,340	135,877	147,463
Equipment	41,462,233	25,858,717	15,603,516
Motor vehicles	313,374	216,845	96,529
	$ 68,889,975	$ 38,060,458	$ 30,829,517

6. Cash and cash equivalents – bank overdraft

The Corporation has signed an overdraft lending agreement with the Bank of Montreal with interest being charged at prime less 0.5% on any overdraft (March 31, 2003 – 4.75%; March 31, 2002 – 3.75%).

7. **Payables and accruals**	2003	2002
Accounts payable and accrued liabilities	$ 15,953,125	$ 11,352,265
Medical Care Commission	-	191,809
Provincial Plan	320,573	320,573
	$ 16,273,698	$ 11,864,647

The repayment of the Provincial Plan Payable is contingent upon final settlement for the years 1984 to 1992, which could then result in an adjustment to the amount recorded.

8. **Long term debt**	2003	2002
5.5% mortgage, maturing in 2021, payable in blended monthly payments of $14,647.	$ 2,025,774	$ 2,089,437
8% mortgage, maturing in 2026, payable in blended monthly payments of $9,523.	1,224,199	1,241,362
7.875% loan, maturing in 2022, repayable in blended monthly payments of $6,056.	721,856	737,881
Obligation under capital lease, 9%, maturing in 2003, payable in blended monthly payments of $9,183.	71,089	170,198
Obligations under capital lease, 5.83%, maturing in 2011, payable in blended monthly payments of $61,951.	5,337,272	-
	9,380,190	4,238,878
Less: Amount payable within one year	817,000	196,100
	$ 8,563,190	$ 4,042,778

As security for the mortgage and bank loans, the Corporation has provided a first mortgage over land and buildings at the Corner Brook Interfaith Home and the Bay St. George Senior Citizens Home.

As security for the capital leases the Corporation has provided specific capital equipment having a net book value of $5,889,716.

Western Health Care Corporation
Operating Fund
Notes to the Financial Statements

March 31, 2003

9. Obligations under long term debt and leases

The Corporation has acquired building additions and equipment under the terms of long term debt and capital leases. Payments under these obligations, scheduled to expire at various dates to 2008, are as follows:

Fiscal year ended	
2004	$ 817,000
2005	791,000
2006	640,000
2007	679,000
2008	720,000
	3,647,000
Less: current portion	817,000
	$ 2,830,000

10. Transfer to Board of Trustees Funds

In accordance with the Department of Health's budget plan, the accumulated surplus (deficit) of all Provincial Health Boards was to remain in the Operating Funds for the March 31, 1997 to March 31, 1999 fiscal periods. Subsequent to March 31, 1999, the Department of Health was to review the results of the three years operations and provide further guidance to all Boards. As at the date of release of these financial statements, the Department of Health has not completed its review and, as such, these financial statements do not include any transfers of surpluses or deficits from the Operating Fund to the Board Fund for the March 31, 1997 to March 31, 2003 fiscal periods.

11. Contingencies and commitments

Claims

As of March 31, 2003, there were a number of claims against the Board in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

Operating leases

The Corporation has a number of agreements whereby it leases equipment and property, in addition to those disclosed under Note 9. These agreements range in terms from five to twenty years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases for the next five years are as follows:

Fiscal year ended	
2004	$ 1,082,000
2005	1,055,000
2006	978,000
2007	831,000
2008	831,000

In addition to the above leases the Corporation has committed to leasing a new health care facility in Stephenville, which is currently under construction and is estimated to be completed in 2003. The future lease payments have yet to be determined.

12. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Western Health Care Corporation
Expenditures – Operating/Shareable
Schedule 1A

March 31	2003	2002
Administration		
General administration	$ 6,235,133	$ 5,478,070
Finance	1,340,240	1,253,235
Personnel services	2,279,574	1,819,360
System support	1,488,513	1,038,841
Other administrative	3,502,165	3,213,138
Total administration	14,845,625	12,802,644
Support services		
Housekeeping	6,458,604	6,511,118
Laundry & linen	2,087,629	2,307,469
Plant services	9,079,002	8,223,856
Patient food services	9,608,195	9,229,499
Other support services	3,940,471	3,608,544
Total support services	31,173,901	29,880,486
Nursing inpatient services		
Nursing inpatient services – acute	39,162,343	34,514,635
Medical services	14,102,127	12,832,288
Nursing inpatient services – long term care	18,264,722	15,656,716
Total nursing inpatient services	71,529,192	63,003,639
Ambulatory care services	11,774,993	9,973,705
Diagnostic and therapeutic services		
Clinical laboratory	5,778,927	5,846,149
Diagnostic imaging	5,002,947	4,554,898
Other diagnostic and therapeutic	6,516,334	5,844,388
Total diagnostic and therapeutic services	17,298,208	16,245,435
Education	3,792,697	2,994,355
Undistributed	1,524,591	1,252,672
Total expenditures	$ 151,939,207	$ 136,152,936

Western Health Care Corporation
Revenue and Expenditures for Government Reporting
Operating Fund
Schedule II

March 31	2003	2002
Revenue		
Provincial plan revenue	$ 123,361,134	$ 110,482,342
MCP physician revenue	12,331,876	11,015,372
Inpatient revenue	1,386,585	1,010,745
Outpatient revenue	701,851	537,430
Long term care resident revenue	6,381,871	5,993,647
Mortgage interest subsidy	53,747	101,931
Food service revenues	2,086,440	2,011,582
Other recoveries	4,495,116	3,833,127
Other revenue	838,021	688,825
Total revenue	151,636,641	135,675,001
Expenditures		
Salaries	99,818,030	89,384,281
Employee benefits	19,058,029	16,557,239
Supplies – maintenance & plant operations	3,743,312	3,538,602
Supplies – drugs	4,361,672	3,944,105
Supplies – medical and surgical	5,120,120	4,944,018
Supplies – other	10,175,968	9,812,305
Other shareable expenses	8,756,013	7,432,916
Long term debt – interest	265,354	348,539
Long term debt – principal	96,851	76,253
Capital lease – interest	197,430	19,572
Capital lease – principal	346,428	95,106
Total expenditures	151,939,207	136,152,936
Operating deficit for government reporting	(302,566)	(477,935)
Non-shareable items		
Accrued vacation pay increase	157,836	560,842
Accrued severance pay increase	1,564,203	1,220,905
Amortization of capital assets	3,507,116	3,148,015
Amortization of capital asset grants	(3,282,206)	(2,929,792)
	1,946,949	1,999,970
Operating deficit inclusive of non-shareable items	$ (2,249,515)	$ (2,477,905)

Western Health Care Corporation
Funding and Expenditures for Government Reporting
Capital Transactions
Schedule III

March 31	2003	2002
Sources of funds		
Provincial capital equipment grant in current year	$ 3,523,753	$ 2,271,916
Provincial facility capital grant in current year	1,323,717	1,974,642
Add: deferred capital grant from prior year	7,477,763	7,293,268
Less: deferred capital grant from current year	(8,164,191)	(7,477,763)
	4,161,042	4,062,063
Other contributions		
Foundations, auxiliaries and other	891,328	1,460,597
NFLD Cancer Treatment & Research Foundation	-	95,000
	891,328	1,555,597
Approved borrowing		
Capital lease	5,584,591	-
Total funding	10,636,961	5,617,660
Expenditures		
Asset– type, building	995,709	927,555
Asset – type, equipment	9,641,252	4,608,298
Asset – type, equipment	-	81,807
Total expenditures	10,636,961	5,617,660
Surplus (deficit) on capital purchases	$ -	$ -

Grant Thornton

Western Regional Health and Community Services Board - Operating Fund

Financial Statements

March 31, 2003

Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Auditors' Report

To the Members of the Board of
Western Regional Health and Community Services Board

We have audited the balance sheet of Western Regional Health and Community Services Board as at March 31, 2003 and the statements of changes in net assets, revenue and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2003 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Corner Brook, Newfoundland
June 10, 2003

Grant Thornton LLP
Chartered Accountants

P.O. Box 356
49-51 Park Street
Corner Brook
Newfoundland
A2H 6E3
Tel (709) 634-4382
Fax (709) 634-9158

Western Regional Health and Community Services Board
Operating Fund
Balance Sheet

March 31	2003	2002
Assets		
Current		
Cash and cash equivalents (Note 3)	$ 2,856,329	$ 1,075,422
Receivables (Note 4)	1,710,335	1,751,002
Prepaid expenses	362,822	493,744
	4,929,486	3,320,168
Payroll advance	54,272	57,390
Capital assets (Note 5)	782,066	856,461
	$ 5,765,824	$ 4,234,019
Liabilities		
Current		
Payables and accruals	$ 1,474,441	$ 1,434,085
Deferred contributions - operating	425,774	39,759
Deferred contributions - capital	-	75,160
Deferred contributions - NCB	112,615	251,316
Deferred contributions - ECD	29,851	37,161
Due to Western Health Care Corporation	1,567,829	385,266
Vacation pay accrual	1,077,236	955,822
Current portion of severance pay accrual	100,000	100,000
	4,787,746	3,278,569
Due to Board Fund, non interest bearing with no set terms of repayment	2,304,602	2,215,296
Deferred contributions – unamortized portion of capital asset grants	550,844	604,098
Severance pay accrual	2,113,987	1,894,091
	9,757,179	7,992,054
Net Assets		
Net assets invested in capital assets	231,222	252,364
Unrestricted net assets	(4,222,577)	(4,010,399)
	(3,991,355)	(3,758,035)
	$ 5,765,824	$ 4,234,019

On behalf of the Board

_______________ Member _______________ Member

See accompanying notes to the financial statements.

Western Regional Health and Community Services Board
Operating Fund
Statement of Revenue and Expenditures

Year Ended March 31	2003	2002
Revenue		
Provincial Plan	$ 36,223,979	$ 32,796,303
Department of Health – National Child Benefit	813,004	659,713
Department of Health – Early Childhood Development	327,310	224,061
MCP Physician Revenue	119,682	147,500
Department of Health – Direct Payments	263,043	302,851
Contribution from Board Fund	-	292,050
Other	182,831	48,517
	37,929,849	34,470,995
Expenditures		
Administrative services	2,152,638	2,899,651
Support services	986,326	136,128
Ambulatory care services	324,979	309,446
Diagnostic & therapeutic services	1,521,964	1,129,799
Community and social services	32,814,810	30,608,079
	37,800,717	35,083,103
Operating surplus (deficit) before other items (Note 6)	129,132	(612,108)
Other items		
Amortization of capital assets	182,058	166,590
Amortization of capital asset grants	(128,413)	(103,499)
Increase in vacation pay accrual (Note 2)	121,414	142,162
Increase in severance pay accrual (Note 2)	219,896	295,986
	394,955	501,239
Deficiency of revenue over expenditures	$ (265,823)	$ (1,113,347)

See accompanying notes to the financial statements.

Western Regional Health and Community Services Board
Operating Fund
Statement of Changes in Net Assets

Year Ended March 31,	Operating	Capital	2003 Total	2002 Total
Balance, beginning of year	$ (4,010,399)	$ 252,364	$(3,758,035)	$ (2,644,688)
(Deficiency) of revenue over expenditures	(265,823)	-	(265,823)	(1,113,347)
Capital contribution from Board Fund	-	32,503	32,503	-
Amortization of				
Capital assets	182,058	(182,058)	-	-
Capital asset grants	(128,413)	128,413	-	-
Balance, end of year	$ (4,222,577)	$ 231,222	$ (3,991,355)	$ (3,758,035)

See accompanying notes to the financial statements.

Western Regional Health and Community Services Board
Operating Fund
Statement of Cash Flows

Year Ended March 31.	2003	2002
Cash and cash equivalents derived from (applied to)		
Operations		
Deficiency of revenue over expenditures	$ (265,823)	$ (1,113,347)
Amortization of capital assets	182,058	166,590
Amortization of capital asset grants	(128,413)	(103,499)
	(212,178)	(1,050,256)
Changes in		
Receivables	40,667	(634,926)
Prepaid expenses	130,921	(103,213)
Payroll advance	3,118	26,450
Payables and accruals	40,356	408,871
Deferred contributions - operating	386,015	(34,857)
Deferred contributions - NCB	(138,701)	(99,881)
Deferred contributions - ECD	(7,310)	37,161
Severance and vacation pay accrual	341,310	438,149
	584,198	(1,012,502)
Financing		
Advances to Board Fund	89,306	(103,136)
Due from (to) Western Health Care Corporation	1,182,563	(578,174)
Capital grant - Province of Newfoundland	-	125,500
Capital contribution from board fund	32,503	-
Capital grant - Newfoundland Labrador Health Board Association	-	330,357
Deficit on capital purchases	-	(7,997)
	1,304,372	(233,450)
Investing		
Purchases of capital assets	(107,663)	(380,201)
Net increase (decrease) in cash and cash equivalents	1,780,907	(1,626,153)
Cash and cash equivalents,		
Beginning of year	1,075,422	2,701,575
End of year	$ 2,856,329	$ 1,075,422

See accompanying notes to the financial statements.

1. Nature of operations

The Western Regional Health and Community Services Board is responsible for the delivery of health services, other than hospital services in areas of health promotion, protection, research, public health services and continuing care, mental health, addictions, rehabilitative services, child youth and family services, community youth corrections and family and rehabilitative services.

2. Summary of significant accounting policies

The financial statements of the Board have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Board are as follows:

Basis of presentation

The Board applies fund accounting principles as follows:

The Operating Fund contains the assets, liabilities, revenue and expenditures of the Board related to the provision of health and community services, which are funded by the Department of Health.

The Board Fund contains assets which may be expended at the discretion of the Board. Its revenue consists of investment income. Expenditures of this fund consist of operating expenditures not shared by government and those approved by the Board.

Amortization

Amortization of capital assets is recorded on a declining balance basis over the estimated life of those assets.

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred contributions - operating.

Capital contributions expended for capital assets are recorded as deferred contributions – unamortized portion of capital asset grants, and are amortized on the same basis as the assets to which it relates. Non-expended capital contributions are deferred and recorded as deferred contributions - capital.

Revenue from the provision of services is recognized at the time the goods are delivered or the services are provided.

2. Summary of significant accounting policies (cont'd)

Severance and vacation pay
An accrued liability for severance and vacation pay is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of service and no provision has been made for employees with less than nine years.

3. Cash and cash equivalents

	2003	2002
Cash and cash equivalents consists of		
Cash on hand and balances with banks	$ 1,856,329	$ 1,075,422
Short term deposits	1,000,000	-
	$ 2,856,329	$ 1,075,422

4. Receivables

	2003	2002
Department of Health	$ 1,636,285	$ 1,698,272
Other	74,050	52,730
	$ 1,710,335	$ 1,751,002

5. Capital assets

			2003	2002
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Leasehold improvements	$ 203,402	$ 101,123	102,279	$ 127,849
Equipment	1,333,267	653,480	679,787	728,612
	$ 1,536,669	$ 754,603	782,066	$ 856,461

6. Operating fund transfers

In accordance with the Department of Health's budget plan, the accumulated surplus (deficit) of all Provincial Health and Community Services Boards is to remain in the Operating Funds and as such the current year Operating Surplus was not transferred to the Board Fund.

Western Regional Health and Community Services Board
Schedule of Shareable Operating Expenditures for Government Reporting

Year Ended March 31	2003	2002
Administration & support		
General administration	$ 1,068,168	$ 1,165,259
Finance	400,353	1,088,079
Personnel services	315,531	324,574
Systems support	368,586	321,739
Other	986,326	136,128
Total administration & support	3,138,964	3,035,779
Diabetic education	324,979	309,446
Diagnostic & therapeutic services	1,521,964	1,129,799
Community & social services		
Addictions – outpatient	729,121	681,033
Addictions – inpatient	505,957	413,803
Continuing care	6,830,605	6,860,769
Health promotion	729,794	620,927
Health protection	3,760,918	3,337,213
Mental health	1,535,703	1,389,148
Child, youth & family services	6,966,444	6,083,135
Family & rehabilitative services	10,364,842	9,924,556
Community corrections	1,391,426	1,297,495
Total community & social services	32,814,810	30,608,079
Total shareable expenses	$ 37,800,717	$ 35,083,103

Western Regional Health and Community Services Board
Schedule of Revenue and Expenditures for Government Reporting

Year Ended March 31	2003	2002
Revenue	$ 37,929,849	$ 34,470,995
Expenditures		
Worked and benefit salaries and contributions	14,297,965	13,238,864
Benefits contribution	2,854,399	2,588,498
Total compensation	17,152,365	15,827,362
Supplies – plant operation and maintenance	297,918	268,703
Supplies – drugs	3,649	10,991
Supplies – medical and surgical	211,427	199,402
Supplies – oxygen & orthotics	222,829	196,477
Supplies – food	41,472	42,934
Supplies – other	180,691	188,268
Total supplies	957,986	906,775
Direct client costs – continuing care	5,117,141	5,181,462
Direct client costs – child, youth & family services	3,586,453	3,120,407
Direct client costs – family & rehab services	8,872,313	8,224,378
Direct client costs – community corrections	131,110	138,152
Total direct client costs	17,707,017	16,664,399
Other shareable expenses		
- Travel	725,258	680,487
- Rent	375,161	364,242
- Other	882,930	639,838
Total other shareable expenses	1,983,349	1,684,567
Total expenditures	37,800,717	35,083,103
Surplus (Deficit) for government reporting	129,132	(612,108)
Non-shareable items		
Amortization expense	182,058	166,590
Accrued vacation expense – increase	121,414	142,162
Accrued severance expense – increase	219,896	295,986
Amortization of deferred capital equipment grants	(128,413)	(103,499)
	394,955	501,239
Deficit inclusive of non-shareable items	$ (265,823)	$ (1,113,347)

Western Regional Health and Community Services Board
Schedule of Capital Transactions for Government Reporting

Year Ended March 31	2003	2002
Sources of funds		
Provincial capital equipment grant in current year	$ -	$ 125,500
Decrease in deferred capital grants	75,160	7,500
	75,160	133,000
Newfoundland, Labrador Health Board Association		
I.T. Infrastructure	-	330,357
Board Contributions	32,503	-
Total funding	107,663	463,357
Expenditures		
Equipment		
I.T. Infrastructure	68,952	327,806
Titmus Screening (3)	10,266	-
Telephone System	19,356	-
Clinical Audiometer	-	13,819
Middle Ear Analyzer	-	10,696
Vaccine Refrigerator	-	6,557
Commercial Treadmill	-	7,418
General clinical	3,657	10,174
Office equipment and furniture	5,432	3,731
	107,663	380,201
Surplus (deficit) on capital purchases	$ -	$ 83,156

Western Regional Health and Community Services Board
Schedule of Accumulated Operating Surplus for Government Reporting

Year Ended March 31, 2003

	Combined Funds		Operating Funds		Board Funds	
	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02
Current Assets						
Cash and cash equivalents	$ 2,856,329	$ 1,075,422	$ 2,856,329	$ 1,075,422	$ -	$ -
Receivables	1,710,335	1,751,002	1,710,335	1,751,002	-	-
Prepaid expenses	362,822	493,744	362,822	493,744	-	-
Due from operating fund	-	-	-	-	2,304,602	2,215,296
Total current assets	4,929,486	3,320,168	4,929,486	3,320,168	2,304,602	2,215,296
Payroll advance	54,272	57,390	54,272	57,390	-	-
	4,983,758	3,377,558	4,983,758	3,377,558	2,304,602	2,215,296
Current liabilities						
Payables and accruals	1,474,441	1,434,085	1,474,441	1,434,085	-	-
Deferred contributions						
- operating	425,774	39,759	425,774	39,759	-	-
- NCB	112,615	251,316	112,615	251,316	-	-
- ECD	29,851	37,161	29,851	37,161	-	-
- capital	-	75,160	-	75,160	-	-
Due to Western Health Care Corporation	1,567,829	385,266	1,567,829	385,266	-	-
Due to Board Fund	-	-	2,304,602	2,215,296	-	-
Total current liabilities	3,610,510	2,222,747	5,915,112	4,438,043	-	-
Accumulated operating surplus	$ 1,373,248	$ 1,154,811	$ (931,354)	$ (1,060,485)	$ 2,304,602	$ 2,215,296

Western Regional Health and Community Services Board
Schedule of NCB / ECD Funding
Year Ended March 31, 2003

	Funding			Expenses			Deferred Revenue	
Initiative	Deferred From prior year	Allocated for current year	Total Available Funding	Gross Expenses	Excess Expenses (deficit)	Net Expenses	Deferred Funding at Mar 31,03	Deferred Funding at Mar 31,02
NCB								
Child Care Services Subsidy Program	$ -	$ 117,500	$ 117,500	$ 117,500	$ -	$ 117,500	$ -	$ -
Child Care Services Consultant	-	50,000	50,000	71,403	(21,403)	50,000	-	-
Child Care Services Equipment	10,635	22,401	33,036	22,595	-	22,595	10,441	10,635
Special Child Welfare Allowance	-	59,250	59,250	59,250	-	59,250	-	-
Residential & Mental Health Services	31,804	155,952	187,756	192,448	(4,692)	187,756	-	31,804
Community Youth Network	(3)	269,200	269,197	269,200	(3)	269,197	-	(3)
Child Care Renovations & Resources	20,842	-	20,842	615	-	615	20,227	20842
Other	188,038	-	188,038	101,396	4,695	106,091	81,947	188,038
Total NCB	251,316	674,303	925,619	834,407	(21,403)	813,004	112,615	251,316

Western Regional Health and Community Services Board

Schedule of NCB / ECD Funding

Year Ended March 31, 2003

	Funding			Expenses			Deferred Revenue	
Initiative	Deferred From prior year	Allocated for current year	Total Available Funding	Gross Expense	Excess expenses (deficit)	Net Expenses	Deferred Funding at Mar 31,03	Deferred Funding at Mar 31,02
ECD								
Child Care Services Subsidy Program	$ 21,489	$ 192,000	$ 213,489	$ 194,786	$ -	$ 194,786	$ 18,703	$ 21,489
CMS	-	55,000	55,000	59,963	(4963)	55,000	-	-
Early Childhood Services	15,317	70,000	85,317	51,158	26,366	77,524	7,793	15,317
Family HCC Equipment	355	3,000	3,355	-	-	-	3,355	355
Total ECD	37,161	320,000	357,161	305,907	21,403	327,310	29,851	37,161
Total NCB & ECD	$ 288,477	$ 994,303	$ 1,282,780	$ 1,140,314	$ -	$ 1,140,314	$ 142,466	$ 288,477

Western Regional Health and Community Services Board
Schedule of Community Youth Network Funding

Year Ended March 31,		2003		2002
Health & Community Services Western:				
Funding provided to Health & Community Services Western (HCSW)				
Deferred from prior year	$	(3)	$	21,819
Current year's funding		269,200		205,891
Funding available		269,197		227,710
Advances to Child Youth Network (CYN)		269,200		227,713
Deferred revenue March 31	$	(3)	$	(3)
Community Youth Network for Southwestern Newfoundland:				
Total funding to CYN for Southwestern Newfoundland by HCSW	$	269,200	$	227,713
Deferred from prior year		29,000		31,561
Available Funding	$	298,200	$	259,274
Reported expenditures:		225,319		235,052
Deferred revenue March 31	$	72,881	$	24,222
Total deferred funding available March 31	$	72,878	$	24,219

WORKPLACE HEALTH, SAFETY and COMPENSATION COMMISSION

FINANCIAL STATEMENTS

DECEMBER 31, 2002

Auditors' Report

To the Board of Directors of the
Workplace Health, Safety and Compensation Commission
of Newfoundland and Labrador

We have audited the statement of financial position of the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador as at December 31, 2002 and the statements of operations, unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, Newfoundland and Labrador
March 7, 2003

Deloitte . Touche LLP

Deloitte & Touche LLP
Chartered Accountants

Statement of Financial Position

As At December 31

(dollars in thousands)	2002	2001
Assets		
Cash and cash equivalents (Note 3)	$ 25,024	$ 16,764
Receivables (Note 4)	13,990	12,741
Investments (Note 5)	402,968	375,413
Capital assets (Note 7)	9,728	10,261
	$ 451,710	$ 415,179
Liabilities and Net Fund Deficiency		
Payables and accruals	$ 8,465	$ 8,264
Benefit liabilities (Note 8)	620,825	601,917
Total liabilities	629,290	610,181
Reserves (Note 11)	1,000	5,000
Unfunded liability	(178,580)	(200,002)
Net fund deficiency	(177,580)	(195,002)
	$ 451,710	$ 415,179

Commitments (Note 19)

Contingencies (Note 20)

On behalf of the Commission

J. Wayne Trask
Board Chairperson

Ches Foote
Director

The accompanying notes are an integral part of the financial statements.

Statement of Operations

Years ended December 31

(dollars in thousands)	2002	2001
Revenue		
Assessments	$ 155,835	$ 137,445
Investment income	12,049	29,226
	167,884	166,671
Expenses		
Claims costs incurred		
Short-term disability	32,002	35,281
Long-term disability	63,555	63,652
Survivor benefits	5,890	6,403
Health care	33,498	35;415
Rehabilitation	1,787	1,614
	136,732	142,365
Administration (Note 12)	20,128	18,252
Legislated obligations (Note 14)	5,106	4,629
Amortization	2,680	2,724
Other (Note 15)	2,210	1,121
	166,856	169,091
Surplus (deficiency) from operations	1,028	(2,420)
Actuarial adjustments	16,421	(5,283)
Surplus (deficiency) for the year	$ 17,449	$ (7,703)

The accompanying notes are an integral part of the financial statements.

Statement of Unfunded Liability

Years ended December 31

(dollars in thousands)	2002	2001
Unfunded liability, beginning of year	**$ (200,002)**	$ (202,272)
Surplus (deficiency) for the year	**17,449**	(7,703)
	(182,553)	(209,975)
Transfer from Occupational Health and Safety Research reserve (Note 11)	**4,000**	-
Appropriation to reserve fund	**(27)**	(27)
Transfer from Disaster reserve (Note 11)	**-**	10,000
Unfunded liability, end of year	**$ (178,580)**	$ (200,002)

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

Years ended December 31

(dollars in thousands)	2002	2001
Cash flow from operating activities		
Cash received from:		
Employers, for assessments	$ 154,604	$ 135,608
Investment income	17,571	12,026
	172,175	147,634
Cash paid to:		
Claimants or third parties on their behalf	(101,403)	(104,935)
Suppliers and employees, for administrative and other goods and services	(27,261)	(22,220)
Third party, from reserve fund	(27)	(27)
	(128,691)	(127,182)
Net cash provided from operating activities	43,484	20,452
Cash flow from investing activities		
Purchase of investments	(33,077)	(12,051)
Purchase of capital assets	(2,147)	(2,690)
Net cash used for investing activities	(35,224)	(14,741)
Net increase in cash and cash equivalents	8,260	5,711
Cash and cash equivalents		
Beginning of year	16,764	11,053
End of year	$ 25,024	$ 16,764

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

Years ended December 31, 2002 and 2001

1. Nature of operations

The Workplace Health, Safety and Compensation Commission (the Commission) was established by the Newfoundland Legislature in 1951, under the *Workplace Health, Safety and Compensation Act (the Act)*. The Commission is responsible, in accordance with the provisions of the Act, for preventing and reducing the occurrence of workplace injuries and diseases through the promotion of health and safety in workplaces; the establishment of occupational health and safety certification standards and certification of trainers; administering the payment of benefits to injured workers and dependents of fatally injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and investing funds, following investment policies which are approved by the Commission within guidelines established under the *Insurance Companies Act* (Canada). An independent Workers' Compensation Review Division is established under the Act to make rulings on any appeals pertaining to the Commission's assessments or benefits decisions. The Commission does not receive government funding or other assistance.

The Commission administers *the Act* for two groups of employers, referred to as assessment-based employers and self-insured employers. Assessment-based employers are insured through "collective liability" and are required to contribute to the Commission's Insurance Fund, whereas self-insured employers are individually liable. The Commission pays the actual cost of claims for self-insured employers and bills them on a monthly basis for payments related to short-term disability, health care, rehabilitation, extended earnings loss, permanent functional impairment awards and survivor benefits, together with their proportionate share of administration costs.

An amended *Act* received Royal Assent on May 24, 2001. The amendments contained a number of provisions, including:

- provision of a comprehensive program for the early and safe return-to-work of injured workers. This program sets out obligations of co-operation on workers and employers in the return-to-work process and puts a duty on larger employers to accommodate and re-employ injured workers in the workplace;
- proportionate compensation where there are pre-existing or other than work-related causes for loss of earnings or impairment;
- additional payments to surviving dependent spouses whose benefits were terminated on or after April 17, 1985;
- elimination of the minimum weekly compensation for injured workers and to provide for transition for workers in receipt of the minimum compensation; and
- increase in penalties to employers for violation of provisions in *the Act*.

Amendments to the *Occupational Health and Safety Act* received Royal Assent on May 24, 2001. These amendments contained a number of provisions including requirements for:

- training for occupational health and safety committees and worker health and safety representatives;
- occupational health and safety programs for workplaces with 10 or more workers; and
- occupational health and safety policies for workplaces with less than 10 workers.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The Commission's significant accounting policies are as follows:

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments in money market instruments with maturities of three months or less.

Assessments receivable

At the beginning of each year, an assessment is levied on employers by applying industry assessment rates to their estimated payroll. Due to varying economic conditions, actual employers' payrolls may differ from original estimates. Therefore, at year-end, a provision for accrued assessments is recorded based on historical assessment information.

Investments

Fixed term investments are recorded using the amortized cost method, which amortizes premiums and discounts arising on fixed term purchases over the periods to maturity of these investments. Gains or losses realized on the disposal of fixed term investments are amortized on a straight-line basis over a five-year period, which approximates the period to maturity.

Equity investments are stated at moving average market value. Unrealized gains and losses occurring during the year, together with gains and losses realized on the disposal of equity investments, are deferred and amortized on a straight-line basis over a five-year period.

Where it is determined that a permanent impairment in the carrying value of the entire investment portfolio has occurred, the carrying value of the portfolio is written down to recognize the loss and the write-down included in income in the year in which it occurs.

Capital assets

Capital assets are reported at cost and are amortized monthly on a straight-line basis over their estimated useful lives. The periods used are as follows:

Building	40 years
Furniture and equipment	10 years
Computer equipment	1 to 5 years
Systems development	1 to 5 years
Equipment under capital lease	3 to 5 years

Benefit liabilities

The benefit liabilities represent the actuarial present value of all future benefits payments expected to be made for injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies and/or business practices in respect of existing claims. No provision has been made for future claims related to latent occupational disease, because they cannot be reasonably estimated, nor for future processing expenses of existing claims.

The benefit liabilities were determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

Reserves

In accordance with Section 20.5 (1) of *the Act*, the Commission maintains a special reserve fund for the purpose of health and safety research. *The Act* requires that the Commission allocate up to a maximum of 2% of its total assessment and investment income in each calendar year to establish and maintain this special fund.

In accordance with Section 116 (1) of *the Act*, the Commission may, at its discretion, establish reserves for the following:

- to meet an increase in the capitalization of compensation payments payable in future years where the increase cannot be provided without placing an undue burden on the employers in an industrial classification;
- to meet the loss arising from a disaster or other circumstances which would unfairly burden the employers in an industrial classification; or
- subject to the approval of the Lieutenant-Governor in Council, to meet the costs of particular needs of the Commission that it considers necessary.

Use of accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

3. Cash and cash equivalents

(dollars in thousands)	2002	2001
Money market instruments	$ 20,655	$ -
Bank balances	2,288	14,679
Cheques issued and outstanding	2,081	2,085
	$ 25,024	$ 16,764

The Commission has established an operating line of credit with its banker in the amount of $2,000,000. Advances on the line of credit bear interest at the bank's prime interest rate minus 0.60%. The credit facility is unsecured and was not utilized during 2002.

4. Receivables

(dollars in thousands)	2002	2001
Assessments	$ 4,671	$ 4,845
Accrued assessments	7,000	6,000
Other	2,319	1,896
	$ 13,990	$ 12,741

5. Investments

(dollars in thousands)	2002		2001	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed term	$ 151,166	$ 157,558	$ 144,779	$ 148,889
Equities	263,075	242,294	243,183	256,182
Accrued interest	1,804	1,804	1,516	1,516
	416,045	401,656	389,478	406,587
Deferred investment losses	(13,077)	-	(14,065)	-
	$ 402,968	$ 401,656	$ 375,413	$ 406,587

At December 31, 2002, $15,000,000 of short-term money market instruments, the proceeds of which were transferred in January, 2003, have been classified as investments.

During the year the following items were amortized to investment income.

(dollars in thousands)	2002	2001
Realized investment gains	$ 8,574	$ 14,539
Unrealized investment (losses) gains	(7,083)	1,097
	1,491	15,636
Premiums on fixed term investments	305	78
Total amortized to investment income	$ 1,796	$ 15,714

The Commission's asset mix policy for 2001 and 2002 is presented below:

Bonds — Canadian	35%
Equities — Canadian	35%
Equities — United States	15%
Equities — Europe, Asia and Far East (EAFE)	15%

6. Financial instruments

Market risk

The Commission invests in publicly and privately traded equities and bonds available on domestic and foreign exchanges. These securities are affected by market changes and fluctuations. The Commission does not use derivative financial instruments for trading purposes.

Credit risk management

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Of the fixed income assets in the investment portfolio, 97.5% (2001; 96.2%) have at least an A credit rating. The Commission does not anticipate that any issuers will fail to meet their obligations.

Foreign exchange risk management

The Commission has certain investments denominated in foreign currencies. During 2002 and 2001, the Commission did not undertake hedging strategies for the currency risk of foreign investments. These fluctuations are not expected to affect the long-term position of the investment portfolio.

Interest rate risk management

Fluctuations in interest rates are managed by actively controlling the duration of the fixed income portfolio. The table below represents the remaining term to maturity of the Commission's fixed term investments.

Remaining Term to Maturity

Book Value (dollars in thousands)	**Within 1 Year**	**Over 1 Year to 5 Years**	**Over 5 Years**	**Total 2002**	**Total 2001**
Fixed-Term investments	$ 6,133	$ 58,738	$ 86,295	**$ 151,166**	$ 144,779

7. Capital assets

(dollars in thousands)		**2002**		**2001**
	Cost	**Accumulated Amortization**	**Net Book Value**	**Net Book Value**
Land	**$ 11**	**$ -**	**$ 11**	$ 11
Building	**7,512**	**3,645**	**3,867**	4,101
Furniture and equipment	**2,565**	**1,711**	**854**	988
Computer equipment	**6,040**	**4,909**	**1,131**	915
Systems development	**9,387**	**5,768**	**3,619**	3,583
Equipment under capital lease	**1,113**	**867**	**246**	663
	$ 26,628	**$ 16,900**	**$ 9,728**	$ 10,261

Included in system development costs for 2002 is $1,149,800 (2001: nil) related to business improvement projects.

8. Benefit liabilities and claims costs

An independent consulting actuary completes a valuation of benefit liabilities of the Commission on a periodic basis, not to exceed two years. Such a valuation was performed as at December 31, 2002.

An analysis of the components of, and changes in, benefit liabilities is as follows:

(dollars in thousands)	**2002**						**2001**
	Short-Term Disability	**Long-Term Disability**	**Survivor Benefits**	**Health Care**	**Rehab**	**Total**	**Total**
Balance, beginning of year	$ 60,241	$ 387,850	$ 52,583	$ 97,124	$ 4,119	**$ 601,917**	$ 559,204
Add:							
Claims costs incurred:							
Current year injuries	27,503	32,317	1,633	25,376	1,478	**88,307**	97,594
Prior years' injuries	4,499	31,238	4,257	8,122	309	**48,425**	44,771
	32,002	63,555	5,890	33,498	1,787	**136,732**	142,365
Deduct:							
Claims payments:							
Current year injuries	8,767	613	152	6,129	8	**15,669**	17,372
Prior years' injuries	20,455	33,243	6,427	23,604	2,005	**85,734**	87,563
	29,222	33,856	6,579	29,733	2,013	**101,403**	104,935
Balance before actuarial adjustments	63,021	417,549	51,894	100,889	3,893	**637,246**	596,634
Actuarial adjustments	(10,355)	(21,024)	2,924	11,517	517	**(16,421)**	5,283
Balance, end of year	$ 52,666	$ 396,525	$ 54,818	$ 112,406	$ 4,410	**$ 620,825**	$ 601,917

9. **Actuarial assumptions**

The benefit liabilities are based on projections of future benefit payments which reflect long-term estimates of economic and actuarial assumptions and methods, modified for current trends. As these assumptions may change over time, it is possible that such changes could cause a material change in the actuarial present value of future benefit liabilities. The gross rate of return was reduced from 7.64% to 7.12% as at December 31, 2002 to reflect the current interest rate environment. The effect of this change was to increase the overall benefit liability by $11,327,000.

The table below lists the principal economic assumptions used:

	2002		2001	
	CPI-Indexed Awards	**Other Payments**	**CPI-Indexed Awards**	**Other Payments**
Gross rate of return	**7.12%**	**7.12%**	7.64%	7.64%
Inflation Year 1	**1.70%**	**3.50%**	3.00%	4.00%
Inflation ultimate rate	**3.50%**	**3.50%**	4.00%	4.00%
Net rate of return Year 1	**5.33%**	**3.50%**	4.50%	3.50%
Net rate of return ultimate rate	**3.50%**	**3.50%**	3.50%	3.50%

The ultimate rate is achieved in 2003 and later years.

10. **Change in unfunded liability**

(dollars in thousands)	2002	2001
Unfunded liability, beginning of year	**$ (200,002)**	$ (202,272)
Favourable revenue variance	**32,300**	3,900
Interest on unfunded liability	**(15,300)**	(11,300)
Investment income variance	**(15,600)**	5,200
Liability adjustments for prior years' claims	**16,400**	(5,300)
Transfer from reserves	**4,000**	10,000
Other	**(378)**	(230)
Unfunded liability, end of year	**$ (178,580)**	$ (200,002)

11. **Reserves**

A reserve for funding studies, projects and research relating to the enhancement of occupational health and safety in the workplace has been provided by a two percent charge to annual assessment revenue. The reserve in 2001 was $5,000,000. During 2002, $27,000 was issued from this reserve and these funds have been replenished at December 31, 2002. Effective December 31, 2002, $4,000,000 was transferred from the Occupational Health and Safety Research reserve and applied to the unfunded liability, thereby reducing the reserve to $1,000,000. In 2001, the $10,000,000 Disaster Reserve was eliminated and applied to the unfunded liability.

12. Administration expenses

(dollars in thousands)	2002	2001
Salaries and employee benefits	$ 15,974	$ 14,106
Office and communications	2,101	1,979
Building operations	536	562
Travel and vehicle operating	634	613
Professional fees	883	992
	$ 20,128	$ 18,252

13. Related party transactions

These financial statements include amounts resulting from normal operating transactions with various provincial government departments, agencies, and crown corporations with which the Commission may be considered related. The provincial government is also a self-insured employer, and account balances resulting from these transactions are included in the financial statements and are settled under normal trade terms.

14. Legislated obligations

The Commission is required by legislation to reimburse the provincial government for a portion of the operating costs of the Department of Labour in delivering on its occupational health and safety mandate, all of the costs of the Workplace Health, Safety and Compensation Review Division, and the employer and worker advisor positions. Total expenses incurred by the Commission for legislated obligations are detailed below:

(dollars in thousands)	2002	2001
Department of Labour	$ 3,888	$ 3,578
Workplace Health, Safety and Compensation Review Division	818	651
Employer and Worker Advisors	400	400
	$ 5,106	$ 4,629

15. Other expenses

(dollars in thousands)	2002	2001
External training initiatives	$ 1,867	$ 894
Business improvement projects	343	-
Worksafe Program	-	(25)
Task Force on Workers' Compensation	-	252
	$ 2,210	$ 1,121

16. Industry levy

The Commission has levied a surcharge of $0.10 per $100 of payroll on employers in the construction sector to fund a portion of the operating costs of safety and health training programs conducted by the Newfoundland and Labrador Construction Safety Association. The amounts collected on behalf of the Association totaled $312,000 in 2002 (2001: $347,000) and are not included in the Statement of Operations.

17. Self-insured employers

These financial statements include the effects of transactions carried out for self-insured employers, principally federal and provincial government bodies, who directly bear the costs of their own incurred claims and a share of administrative costs. Aggregate amounts of such assessment revenue and offsetting expenses included in the Statement of Operations are as follows:

(dollars in thousands)	2002	2001
Assessments revenue	**$ 6,985**	$ 6,631
Claims costs incurred:		
Short-term disability	**665**	743
Long-term disability	**2,535**	2,624
Survivor benefits	**463**	571
Health care	**2,265**	1,740
Rehabilitation	**65**	47
Administration charges	**992**	906
	$ 6,985	$ 6,631

Benefit liabilities related to self-insured employers will be the responsibility of those employers when paid in future years. Accordingly, these benefit liabilities have not been determined by actuarial valuation and thus are not included in the Commission's benefit liabilities.

18. Pension costs

All permanent employees of the Commission are covered by the Public Service Superannuation Plan administered by the Province of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Commission. The annual contributions of $854,000 (2001: $695,000) for pensions are recognized in the accounts on a current basis.

19. Commitments

The Commission has committed to the following lease payments for office premises and equipment as follows:

(dollars in thousands)	Capital	Operating	Total
2003	$ 246	$ 142	$ 388
2004	36	146	182
2005	-	146	146
2006	-	83	83

20. Contingencies

(a) The Commission may be liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded in these financial statements.

(b) The legislative amendments to *the Act* on May 24, 2001 provided for payments to surviving dependent spouses whose benefits were terminated on or after April 17, 1985. In July, 2001, three complaints were filed against the Commission and the Department of Labour to the Human Rights Commission for alleged discrimination on the basis of marital status. These complaints were reviewed during a hearing of the Human Rights Commission in February, 2003. Retroactive reinstatement of benefits to all survivors who remarried has the potential to increase the Commission's benefits liabilities by approximately $6,600,000. The Human Rights Commission adjudicator has yet to render a decision and consequently, the outcome of this matter is presently undeterminable.

21. Comparative figures

Certain of the comparative information has been reclassified to conform with the presentation adopted in the current year.

Five-Year History

Statement of Operations and Unfunded Liability for the Year Ending December 31

(dollars in thousands)	2002	2001	2000	1999	1998
Revenue					
Assessments	**$ 155,835**	$ 137,445	$ 134,411	$ 117,004	$ 108,152
Investment income	**12,049**	29,226	32,018	27,990	26,760
	167,884	166,671	166,429	144,994	134,912
Expenses					
Claims costs incurred	**136,732**	142,365	144,809	131,896	98,165
Administration	**20,128**	18,252	15,710	15,436	13,112
Legislated obligations	**5,106**	4,629	4,515	4,327	3,864
Amortization	**2,680**	2,724	2,432	2,410	2,029
Other	**2,210**	1,121	213	-	230
	166,856	169,091	167,679	154,069	117,400
Surplus (deficiency) from operations before the following	**1,028**	(2,420)	(1,250)	(9,075)	17,512
Actuarial adjustments	**16,421**	(5,283)	(20,902)	(59,367)	(19,186)
Legislative changes	**-**	-	-	-	(17,367)
	16,421	(5,283)	(20,902)	(59,367)	(36,553)
Surplus (deficiency) for the year	**17,449**	(7,703)	(22,152)	(68,442)	(19,041)
Unfunded liability, beginning of year	**(200,002)**	(202,272)	(179,884)	(111,100)	(91,667)
Appropriation to (from) reserve funds	**3,973**	9,973	(236)	(342)	(392)
Unfunded liability, end of year	**$ (178,580)**	$ (200,002)	$ (202,272)	$ (179,884)	$ (111,100)
Funded ratio	**71.7%**	67.5%	65.2%	65.5%	74.1%